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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Power cuts cause chaos

Random power cuts affected a total of 19m. homes and caused traffic chaos, with the threat of a work to rule by power workers entered its seventh day. About 3m. homes were blacked out at any one time.

The impact of the power workers' action increased with signs of intensified support for the unofficial overtime ban and a growing back-log of maintenance work on power stations.

The dispute is over a claim for better shift allowances which could breach the Government's pay guidelines if agreed, introduced before March. Back Page

Air strike ends

British Airways expects to start normal flight schedules from Saturday after the return to work to-morrow of air traffic control assistants. Back Page.

The Concorde service to Singapore starts on December 9, operated jointly by BA and Singapore Airlines. In Russia, the TU-144 supersonic airliner made its first passenger flight yesterday. Page 6

Carver talks

Lord Carver, Britain's Commissioner designate for Rhodesia, flies to Salisbury to-day for talks with Mr. Ian Smith, the Rhodesian Prime Minister. Yesterday, Dr. Joshua Nkomo and Mr. Robert Mugabe, who head the Patriotic Front, told Lord Carver that his proposed role as commissioner for Rhodesia during its transition to black rule was too powerful.

Judgment delay

Pakistan's Supreme Court has reserved judgment on a petition challenging the right of the military regime to arrest the former Prime Minister, Zulfikar Ali Bhutto, and 10 other leaders of his party. After a hearing lasting six weeks the court said it would issue a short order next Monday followed by a longer judgment later.

Deportation order

The Government plans to deport Nicholas Prager, the Czech spy, failed for passing secrets to the Czech. He has been freed on parole from Wakefield prison on Monday after serving six years of a 12-year sentence. Prager has 14 days to appeal against the order.

Bullying inquiry

Allegations that senior officers bullied firemen are being investigated by the Fire Service Federation, which said that maltreatment, including bullying and discrimination, has resulted in disciplinary action. Appeals were pending.

Jail controls

Mr. Bruce Millan, Scottish Secretary, has ordered strict controls to be imposed at Barlinnie jail following the death from a drug overdose of a prisoner in September. His action comes in advance of an official inquiry into conditions in the special unit at the prison.

Briefly . . .

Five people died and seven others were badly injured when a mini-bus crashed into a lamp-post and caught fire near Leatherhead, Surrey, last night.

A cloud of toxic inflamable gas that escaped from a paint factory near Machen, mid-Glamorgan, evaporated before police had to evacuate families from a nearby housing estate.

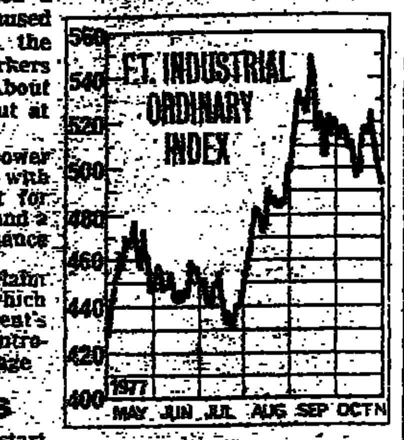
The High Court is to rule to-day on whether two members of Newham North East Labour Party should be jailed for contempt of court.

Scotland Yard's anti-terrorist squad is investigating an incendiary bomb which was found early yesterday on the London to Dover boat train.

BUSINESS

Equities lose 13; Yen at new peak

● EQUITIES lost ground on reports of the miners' rejection of the Coal Board's productivity deal. The FT index closed near the day's lowest, 13.4 down at 492.1.



● GILTS turned early rises of up to 1½ into falls of ¼. The Government Securities index lost 0.06 to 77.55.

● YEN rose 2.35 points on the Tokyo market to a post-war record of Y247 to the dollar. In London it closed at Y246.875. Further rises are expected on European markets. The Yen has moved up by 18.5 per cent. this year. Back Page

● STERLING fell sharply on news of the miners' decision and on lack of Bank support, but improved in late trading to close at $1.8435, a rise of 30 points. Its trade weighted average fell to 64.4 (64.6). The dollar was very weak, falling to its lowest yet against the D-mark, Swiss franc and Yen. Its depreciation widened to 4.44 per cent. (4.31).

● GOLD rose 3½ to $162.12.

● WALL STREET closed 11.44 down at 806.91 following fears of interest rate increases.

● MR. HUGH SCANLON'S successor as president of the AUEW will be either Mr. Terry Duffy (Right-wing candidate) or Mr. Bob Wright (Left-wing) after the first round of the ballot. The decisive round will be in March. Back Page

● HISTORIC HOME owners can expect tax law changes from the Conservatives to help them if they open their houses to the public. Page 10

● FRIESIAN cow was sold in Hertfordshire for 13,000 guineas, the highest price yet paid for a dairy cow in Europe.

● RUSTENBURG PLATINUM, one of the largest platinum mines in the world, is cutting production by about 20 per cent. and laying off 5,000 workers due to lack of world demand. Page 23

LABOUR

BOC men may return

● BOC manual workers may be prepared to resume work, after mass meetings held yesterday. Back Page

● About 100,000 civil servants will stage a half-day stoppage next Tuesday to try and persuade the Government to restore the pay research system of determining Civil Service pay. Page 12

COMPANIES

● REED PAPER, Reed International's Canadian subsidiary, will lose at least £11.1m after tax in 1977, after breaking even in 1976. Reed International earnings for the six months to September 30 dropped 12 per cent. to £12.4m. Page 21 and Lex

● PLESSEY second quarter pre-tax profits up from £8.14m. to £9.66m., boosted first half figures by 19 per cent. to £21.86m. (£18.39m.). Page 21 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Chapman (Balham)	85	+ 10
Leisure Caravans	96	+ 8
De Beers Dfd.	368	+ 16
Doornfontein	271	+ 21
Elsburg	113	+ 14
Hartebeest	£10¼	+ 1
Pancontinental	750	+ 50
Southvaal	429	+ 31
Union Corp.	252	+ 15
Vaal Reefs	£11¼	+ 1
West Drie.	£19	+ 1¼
Western Deep	714	+ 51
Western Hldgs.	£14	+ 1¼

FALLS

Excheq. 8½pc 1981	£101⅞	— 1¼
Treas. 12½pc 1995	£112¼	— ¼
Assoc. Dairies	275	— 7
Ascd. P. Cement	272	— 16
BATs Dfd.	212	— 8
BPB	234	— 11
Beecham	620	— 20
Booker McConnell	226	— 7
Brit. Cmwlth. Shpng.	267	— 12
Costain (R.)	260	— 6
Distillers	176	— 7
Dunlop	93	— 6
EMI	213	— 9
Fisons	376	— 10
Gestetner	150	— 14
Glaxo	612	— 18
ICI	385	— 13
Low (Wm.)	124	— 8
Mallinson-Denny	47	— 5
Mining Supplies	82	— 7
Mothercare	194	— 6
Pilkington	510	— 17
Reed Intnl.	161	— 13
Thomson Org.	455	— 21
Wedgwood	215	— 11
BP	875	— 14
Shell Transport	558	— 12

Pay policy threat as miners say No

BY CHRISTIAN TYLER and PHILIP RAWSTORNE

THE MINERS yesterday lit a fuse under the Government's incomes policy by rejecting a high-paying bonus scheme. Their decision suddenly transformed the chances of a peaceful winter wage round.

A gross miscalculation of the miners' mood by some of the union's leaders and by the National Coal Board was exposed by the announcement that 55 per cent. of miners had voted against the scheme in a record turnout of over 80 per cent.

The message from the pithead ballot appeared to be that the miners want more money in basic rates—the bonus scheme was worth £23.50 a week or more to some men.

Efforts to retrieve the situation will now begin. The Coal Board will meet the National Union of Mineworkers to discuss another way of raising flagging output and increasing the wage packet without breaching the pay guidelines.

Bonus schemes, as such, look dead—but the Board may advance a promise of large future basic rate rises related to overall performance, while resisting any breach of the TUC's 12-month rule or of the Government's 10 per cent. earnings ceiling in this round.

Its formal reply to the NUM's claim for rises of up to £65 a week backdated to yesterday, is expected before the next meeting of the NUM's executive to-morrow week.

Government: Ministers are to meet later this week to discuss contingency plans for handling the miners' claim.

The Cabinet committee which has been policing the Government's pay strategy will consider a full report on the implications of the miners' decision on pay strategy.

Productivity deals were exempted from the guidelines in order to help keep basic rate settlements to single figures in key industries. The miners were top of that list.

Ministers made no secret of their disappointment.

A total of 73 per cent. of the public would be opposed to the miners receiving increases beyond the Government's 10 per cent. pay guidelines, an Opinion Research Centre poll suggests to-day. Details Page 12. Editorial Comment, Page 18

The NUM's claim "seeking to achieve" a top rate of £135 a week from November 1 instead of the next anniversary in March was interpreted as highly negotiable until yesterday.

Although Mr. Joe Gormley, NUM president, said he would continue to fight for the 12-month rule as a member of the TUC economic committee, the 10 per cent. would "not go anywhere" towards solving the output and wages problems.

Although the £135 claim came from the Right-wing-led Nottinghamshire area, it will now be taken up by the Left for whom the incentive ballot was a considerable victory.

Mr. Arthur Scargill, Yorkshire area president, who campaigned vigorously against the scheme, will have reinforced his claims to succeed Mr. Gormley as NUM president.

He said the result was a "magnificent victory" and added: "It's a clear mandate to the national executive to press for the £135 for coalface workers with proper differentials for all other workers in the industry."

In South Wales, Mr Emlyn Williams, area president, said: "If we don't get it there will be hell," and added that an industrial action ballot was on the cards. To call a strike the union needs 55 per cent. in favour.

If a battle does ensue—watched closely by other groups, including electricity supply workers—the size of distributed coal stocks will be important.

Overall stocks are lower than this time last year with some 21m. tonnes out of 30m. in customers' hands. But possibly 18m. tonnes are at power stations, which is high—the equivalent of about 12 weeks' supply if the weather is reasonable.

Mr. Gormley, himself, bemused and disappointed by the result, said: "I don't know why everyone should presume there has to be a clash between the NUM and the Government."

He blamed in part what he called "a lot of hysterical and emotional propaganda" for the executive's defeat after its narrow 13-11 vote to recommend the pithead scheme in a ballot.

Sir Derek Ezra, Coal Board chairman, said that since the Board and the union could not go ahead "at this stage" on the lines proposed, they both had an obligation to find other ways of improving productivity.

Disappointment in areas which voted for the scheme was soon evident. About 300 Notts miners walked out at Hucknall colliery and were persuaded to go back by Mr. Len Clarke, area president. He said: "They produce a lot of coal and will lose money because of the vote."

Bonuses geared to local output were rejected in a ballot at the end of 1974 by 61.5 per cent. to 38.5 per cent., and the principle was rejected by the NUM conference in July.

Although there was a noticeable general swing in England and North Wales this time, the Board's calculations were thrown awry because Scotland's "No" vote increased enormously and there were similar moves against the trend in South Wales and Kent and among the cokemen. In some areas, though, support virtually doubled.

A total of 123,533 votes were cast—the invalid votes were "trifling," according to the Electoral Reform Society. There were 87,901 votes for and 110,634 against—a majority of 11.5 per cent.

The loyalty of miners to their local leaders, plus possibly discontent among surface workers at being offered a lower ratio of the coalface bonus than in 1974, may have swung the result.

The Government received a stern warning from the Liberals that surrender to the miners' demands would mean the end of the Lib-Lab pact. Mr. John Pardoe, Liberal economic spokesman, said that the miners' leaders had promised higher productivity when they were given an exceptional increase in 1974. Coal output had in fact fallen.

CBI worried by rises above limit

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

REPORTS of productivity deals giving pay rises well above the Government's basic limits are beginning to cause concern among Confederation of British Industry leaders who are already worried about their competitiveness in overseas markets being hit by the floating of the pound.

This emerged yesterday when the CBI published its quarterly industrial trends survey which showed only a slight buoyancy in business confidence. Launching the trends report, Mr. Ray Pennock, chairman of the CBI's economic situation committee, and an ICI deputy chairman warned that pay deals giving total rises of 17 to 18 per cent. would land the country in "deep trouble."

Although neither Mr Pennock nor other CBI leaders would release details, industrialists are talking in terms of a significant number of productivity deals being negotiated to give pay rises of 6 to 8 per cent. or more on top of either Stage Two limits or settlements fixed at the Government's 10 per cent. overall earnings target.

"If productivity deals push wage rises up to the 17 to 18 per cent. level, then the problems which we can expect for exports following the floating of the pound will be very serious," said Mr. Pennock.

However the CBI can only mount fairly muted campaigns because its member companies are divided on both issues. This is because not all industrialists are worried about their exports being hit too hard if the pound continues to rise and even those who are concerned realise that higher exchange rates may only last for a limited time.

Reflecting this, Mr. Pennock said: "In the long term the Government's move is probably right but it's happened too early and it's happened too strong."

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Details of survey, Page 25

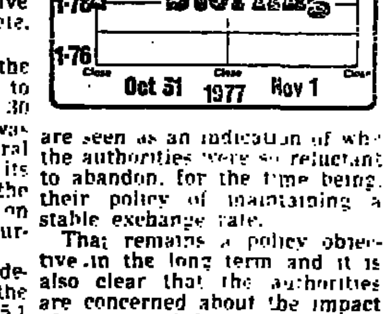
Pound up 30 points

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING FLUCTUATED sharply yesterday in response to the result of the miners' vote, and closed only slightly higher against the dollar following the large jump on Monday when the Government stopped holding down the rate.

The pound made further progress in the morning, rising by more than 2 cents from the previous London close to $1.8615—nearly $1 cents higher than on Friday evening.

The rate then drifted down and fell sharply in fairly active business after the miners' vote, touching a low of $1.8340.



Sterling recovered after the opening of the U.S. markets to close at $1.8435 for a rise of 30 points on the day. The rate was affected by the earlier general weakness of the dollar and its later partial recovery, and the pound was not as strong as on Monday against other major currencies.

Consequently the trade-weighted index fell by 0.2 on the day to 64.4 after a high of 65.1 in the morning. The closing figure represents an appreciation of 5 per cent. since the rate was freed.

Dealers reported that official intervention was limited solely to slight steadying of the rate and the authorities are continuing to stand back and watch how the market reaction develops. (Official reserve figures for last month will be announced this afternoon.)

Although yesterday's events were clearly exceptional they are seen as an indication of why the authorities were so reluctant to abandon, for the time being, their policy of maintaining a stable exchange rate.

That remains a policy objective in the long term and it is also clear that the authorities are concerned about the impact of any significant and sustained rise in the pound on export competitiveness and would prefer

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Yen strengthens, Back Page

£ in New York

—	November 1	Previous
Spot	$1.8390-8530	$1.8400-[illegible]
1 month	0.52-0.55 c prem	[illegible]
3 months	0.91-0.96 c prem	[illegible]
12 months	1.45-1.55 c prem	[illegible]

South Africa believed to be increasing oil stockpile

BY QUENTIN PEEL JOHANNESBURG, Nov. 1.

SOUTH AFRICA has increased its oil imports significantly in the past three months, giving rise to speculation that it has been adding to its already substantial stockpile as a precaution against international sanctions.

First indications of this were given to-day by Dr. T. W. de Jongh, Governor of the Reserve Bank. He revealed that South Africa's current account balance of payments surplus had fallen in the third quarter of this year after improving for the previous 15 months. He said mineral imports had been a major contributory factor in this change.

Oil is one of the few important minerals not found in South Africa and the Government has long been stockpiling it in disused coal mines.

Yesterday a top civil servant warned that South Africa must find alternatives to imported oil "as a matter of urgency."

As Dr. de Jongh was speaking members of the UN Security Council were preparing for fresh talks on the South Africa issue following yesterday's Western vetoes of African demands for tough sanctions on the Republic. The UN discussions were focused on a new draft resolution, submitted by Canada and West Germany, on the question of a mandatory arms embargo.

Meanwhile, Mr. Pik Botha, the South African Foreign Minister, said to-day that pressure on the country was more likely to increase than decrease in the wake of the Western vetoes. The only differences between the Western powers and African States over South Africa were of methods rather than aims. The issue at the UN remained how to keep up the pressure on South Africa to abandon her domestic policies.

Commenting on the payments charge, Dr A. S. Jacobs, economic adviser to the Reserve Bank, said to-night that although oil stockpiling could be a partial explanation for the payments change, there might be a problem in finding further storage space for oil.

Reserve Bank balance of payments figures for the third quarter have yet to be published and Dr. de Jongh's conclusions were based on initial estimates.

Dr. Jacobs said the bank had identified very clearly a trend of increasing imports, which it attributed almost entirely to the import of mineral products—largely oil—and the purchase of three large container ships.

The warning on the urgency of finding alternative oil supplies came from Mr. Joep Steyn, the Secretary for Commerce. Although he doubted that a full-scale oil embargo could be successfully applied to South Africa, she could not afford to ignore the threat.

Existing fuel conservation measures for motorists in South Africa—all petrol stations are closed from noon on Fridays until Monday morning—fell far short of what would be needed to with stand a total or substantial oil embargo.

The gloomy news on the economic front came from both Dr de Jongh, and the combined private sector export advisory committee.

Trade figures for the third quarter of the year showed that the continuous improvement in South Africa's current account balance of payments, which had lasted through five consecutive quarters, had ended, Dr. de Jongh said in Pretoria. The current account surplus in the third quarter was lower than in the second.

Apart from mineral imports and the purchase of three container ships, contributory factors included weakening international commodity prices, a decrease in the value of net gold output and higher imports.

Society to-day, Page 19
UN debate, Page 7

U.S. to withdraw from ILO

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Nov. 1.

THE U.S. will withdraw from the International Labour Organisation this week-end in protest at what is seen here as the politicisation of the agency.

Two years ago, Dr. Kissinger, then Secretary of State, served notice of the U.S. intention to leave the ILO after it had first condemned Israel for racism and then granted observer status to the Palestinian Liberation Organisation.

To-day, Dr. Ray Marshall, the Labour Secretary, said that failure to achieve necessary reforms especially at the ILO meeting in June, had meant that the threat must be carried out.

The U.S. would return, he said, when the ILO was once more "true to its principles and procedures."

There was, Dr. Marshall admitted, considerable unhappiness inside President Carter's Cabinet over the decision to withdraw. Both Mr. Cyrus Vance, Secretary of State, and Dr. Brzezinski, national security adviser, had urged that the U.S. stay in for another year, largely because of foreign policy considerations.

They were opposed by Dr. Marshall, who, in turn, enjoyed the powerful backing of Mr. George Meany, the hardline trades union leader, and of the U.S. Chamber of Commerce.

Dr. Marshall complained today that the ILO had failed to enforce international Labour standards equally and was prone to condemn certain countries without adequate investigations and for political reasons.

He also said that though the ILO had been founded on the principle of "Tripartism," with Governments, management and unions all participating, it had become more of a forum for the expression of Government views.

The U.S. withdrawal means that its direct annual contribution to the ILO of $20m. will cease. However, it will continue to contribute to the UN Development Fund, a major source of the ILO's resources.

Varying degrees of criticism of the U.S. decision were voiced by the Governments of Switzerland, West Germany and the Soviet Union. Dr. Kurt Waldheim, UN Secretary General, termed it a "retrogressive step." But it was praised by Israel, which is also considering leaving the ILO.

ILO officials in Geneva said that the organisation has proposed spending cuts of about $32.5m. and about 180 dismissals from its staff of 2,600 as a result of the U.S. withdrawal.

Washington and the ILO Page 5

For latest Share Index 'phone 01-246 8026

LOMBARD

It's boom, boom, boom in 1978

BY SAMUEL BRITTAN

THERE ARE a number of interesting features of the Treasury's Economic Prospects to End 1978, published with the Chancellor's budgetary package, which has not received the attention it deserves. This shows output rising by 3½ per cent. in the year up to the second half of 1978, with a £1.5bn. current account surplus, inflation at 6½ per cent., and unemployment falling.

The published forecast was based on the assumption of an unchanged exchange rate and earnings rising by 10 per cent. The first assumption has been overtaken by events; and the second was put in as a public relations exercise. The Treasury's own central estimate of the growth of earnings has in fact been 15 per cent.

A forecast based on one implausible assumption, overturned within a few days, and a second assumption, disbelieved by the forecasters themselves, is a funny sort of document. But although the published forecasts cannot be regarded as a true and fair account of the Treasury's best guesses, they are meant to be internally consistent and for this very reason yield valuable information. The projected growth rate of 3½ per cent. is accounted for as to nearly 1 per cent. by the demographic growth of the working population. Another ¾ per cent. is accounted for by North Sea oil. Yet unemployment is still expected to fall.

Unsatisfactory

In other words productivity, excluding North Sea oil, is rising by scarcely 2 per cent. per year. This is less than the "nearly 3 per cent." rate of the early 1960s which was regarded by politicians as scandalously unsatisfactory: and it comes after several dashes for growth and much industrial intervention, supposedly to improve performance, under both main parties.

Economic Prospects to end 1978, which is a much better written document than Mr. Healey's budgetary statement, is also interesting for the table of average forecasting errors which it contains. The average error in forecasting the GDP (over 1½ years) is 1.9 per cent., about the same as the average growth rate for the past few years. The average current balance of payments error is £1.5bn. and for the retail price index it is 3.3 per cent.

In which direction are the errors likely to be this time? Last Thursday, before the announcement of the decision to unpeg sterling, I took a bet with a friend that the actual growth rate would exceed 3½ per cent. At the time I had a bad conscience about this, as in a pre-election period politicians will try to do enough to make sure that any deviations from the published forecast are on the upward side.

What effect will the appreciation of sterling have? The pressure on export profit margins is contractionary. The reduction in inflation and consequent boost to consumer incomes are expansionary. So too are the boost to the real value of the money supply and the increased value of financial assets resulting from sterling appreciation and the consequent improvement in inflationary expectation. Consumer incomes have also been boosted by the fall in world commodity prices, even when expressed at a constant exchange rate.

Earnings

The most depressing factor is the projected 15 per cent. increase in money earnings in the context of a rising exchange rate and a 9 to 13 per cent. monetary target. Such a combination of trends would sooner or later lead to even more workers being priced out of jobs. But I stick to my original bet, partly because I believe that the upward float of sterling will do more to restrain wage inflation and shade downwards the 15 per cent. earnings estimate, than the official pay policy on which so much time has been wasted; and partly because I agree with the official forecasts that the effects of excessive wage increases on growth and employment might take some time to take effect in the present political and economic climate.

But perhaps the most important reason for expecting more expansion than the Treasury does is the unprecedented drop in interest rates—MLR falling from 15 to 5 per cent. in 12 months. As Mr. Tim Congdon has pointed out in the October Messel Gilt Review, this is likely to stimulate personal borrowing both directly, and through its effects on personal wealth and the lending power of the building societies: and a construction boom will have the usual secondary effects on other types of demand.

Mr. Congdon's main message is that 5 per cent. MLR is too low, and will have to be raised if the monetary guidelines are to be preserved. But before any major correction here has been made and taken effect, the foundations will, in my view, have been laid for a boom, boom, boom year in 1978.

GARDENS TODAY

Precious qualities of the Tulip Tree

BY ROBIN LANE FOX

I MET A MAN last week who had burnt a thousand pounds in ignorance. His garden had grounds, not quite a park, but enough grounds for him to rattle over a cattle-grid on his way to catch the early train. When he bought it, it had some fine old trees. One of them fell down, and he had it sawn up, logged and burnt to heat his downstairs rooms in that winter when you thought the FT Index was about to disappear. It was a Tulip Tree, he knew, and its wood was unexpectedly hard. But tulip-wood has a value, at times as high as the patterned French secretaires into whose desk-tops it has often been inlaid. Unlike a walnut, a Tulip Tree has wood of an even and predictable quality. More often than not, it is precious. If you have had one for 200 years, it is likely to be very precious indeed.

Not that this is to be an article only for the landed and forested belt. I wish to remind you of two trees whose shockingly long Latin names follow one another in most lists, the Liquidambar and the Liriodendron, the Sweet Gum and the Tulip Tree, trees too good to be burnt or ignored. They are at their best in October when the leaves are turning yellow and red-orange. They grow quickly, although they do not move readily if bought as tall standard trees. If I had lost grand elms in a garden of half an acre or more and I wished to replace them with something other than willows or poplars, I would consider these two fine trees, with the warnings in mind which I will now pass on to you.

Second species

"There is but one species of the Tulip Tree," wrote William Cobbett, who had a way of being wrong about trees, "but that one, as the lioness said of her cub, is a tree indeed." Fifty years later, a second species turned up in the Lushan Mountains in China, where its clumps must look spectacular. Hardly anybody bothers with the smaller Chinese form of Tulip Tree and I do not think that a nursery will sell it to you. If you happen to visit the great garden of Mount Usher, in Wicklow, Ireland, you can see a very big one which caught my notice because it was in flower. Otherwise, go along with Cobbett and be content with the American form, bigger, better and generally on sale.

We have known this Tulip Tree for a long while. It must have reached our gardens in the mid-seventeenth century and in some of them it is now a hundred feet high. There are avenues of Tulip Trees, single-trunked and thickly flowering in Hampshire and Sussex gardens. But you can expect to enjoy one long before the end of this century, as the Tulip Tree grows quickly when you plant it from its pot. It must, however, be bought in a pot from a serious nurseryman as its roots dislike the disturbance of a new home and will sulk for several years if they are broken. So you begin with a young plant, hardly taller than a tulip and no more resistant to wind. Its stem will bind or snap in two. Its large fine-pointed leaves will look promising, but nobody would mistake it as yet for a tree.

Rich loam

What happens next depends on facts of which I and others are not altogether sure. If your young Tulip Tree is pushed out into rough grass and left to fend for itself against a collar of thick old turf, I doubt whether it will stay the course. If you plant it in any exposed site where the wind smacks into it, it will almost certainly give up the struggle. A shallow soil, a few inches of loam, say, above sandstone, brick or the foundations of an old shed, is most definitely not to its taste. One of the less recognised battles of most week-end gardeners is against sites which used to be pigsties, old farmyards or the area of a collapsed barn. It is not wise to plant a Tulip Tree where you cannot dig out at least a spit and a half of reasonably rich loam. A spit, by the way, is the depth reached by the full blade of your spade, in answer to the reader who complained that spits were no longer found in modern tool-sheds.

Do Tulip Trees dislike clay? Honestly, I am not sure. There are some fine ones to be seen around Henley and I am watching one shoot away on a particularly sticky soil nearby. I am fairly certain that they like it and that clay may actually be one of the best soils for them. Certainly, they grow at two speeds, very fast or very slow, and the former is agreed to be the consequence of a soil which is deep, rich, moist, fertile and all those other terms of praise like friable which gardeners lavish on earth which crumbles in the hand. Clay soils, of course, are very fertile and can be penetrated by the Tulip Tree's young roots. They do not dry out too quickly.

Another point which pleases the Liriodendron.

Books dismiss the Tulip Tree's flowers. Deflexed sepals and pointed pistils may not attract your fancy. The flowers show up after eight to ten years, but not before. They are greenish white with orange middles, and you have to be sure to notice them. They do not resemble most gardeners' idea of a tulip, so do not hope for long candles of flower, like some bed of Darwins run vertically into the air. But if you pick them and study them, they are extraordinarily fine. The colours are combined in no other shrub. The shape is intriguing and stands out well if you float the flowers in a flat dish of water. Some of the most famous botanical paintings have centred on the Tulip Tree's flowers. They are worth a ten-years' delay if you are willing to study them.

The leaves are more obvious from the first years, not only when they turn a marvellously bright shade of yellow in October. They are a clear shade of lettuce-green, tapering to five short points and showing a paler underside which is quite soft to the touch. After seven or eight years, your pot-grown Tulip Tree will be well away, already a noticeable tree with a smallish head. But you must place it carefully.

Autumn colours

About the Liquidambar, or Sweet Gum, I must be brief. If the Tulip Tree is eventually very tall, and must be placed responsibly, the Sweet Gum is taller still in the wild, well over 100 feet when suited. In Britain, you buy it as a small pot-grown tree and place it only on neutral or acid soil, when you might otherwise grow azaleas. It does not like to be dry or set in a shallow place. When happy it races for the sky, growing upwards more than outwards and looking like a maple which has taken after the style of a small poplar. For much of the year it is a pleasant green, a reasonable upright tree and nothing more. But in October and November it is almost without equal, a brilliant red and purple-orange which is bright but never vulgar. Many gardeners who grow rhododendrons ignore it and struggle with shrubs like pieris which dislike spring frost. The Sweet Gum would suit them so much more quickly, and at this time of year it is a tree which I would wish to be able to suit on a soil too alkaline for its decisive taste.

TENNIS — BY JOHN BARRETT

Where every match will be a battle for survival

TO-NIGHT at Mission Hills Country Club, a luxurious oasis in the Californian desert, begins the $250,000 Colgate Series Championships, the richest women's competition in the world with $75,000 for the winner, $40,000 for second place and $20,000 for third.

Like the men's Colgate Masters, this last major event of the tennis year is a two-group round robin contest for the eight women who lead the table of points that has linked the world's 24 main tournaments, including the Australian, Wimbledon and U.S. Open championships.

The finalists from these three tournaments are all here. Chris Evert, of Florida, who won at Forest Hills and claimed the $100,000 prize for finishing top of the points table, with its $600,000 bonus pool, heads the Red group.

This group includes Wimbledon champion Virginia Wade, fifth in the table, Dianne Fromholtz of Sydney, the beaten Australian finalist who was eighth, and the self-exiled Czech Martina Navratilova who failed to win any of the year's major titles but ended in fourth place overall.

In the Blue group are Betty Stove of Holland, the Wimbledon finalist who finished second to Miss Evert in the points table, and Billie Jean King, whose dramatic rise from 10th to third place was achieved by winning the last three tournaments in a row.

Also included in the Blue group are Kerry Reid of Sydney, the Australian champion who was sixth, and another Australian, Wendy Turnbull, who was the surprise finalist at Forest Hills and edged out Paignton's Sue Barker from eighth position.

Unlike the men's Masters, where the first three days are devoted to round robin play with two semi-finals on the fourth day between the first and second players of each group, the Colgate Series Championships spreads the round robin matches over four days with a straight final on Saturday between the two group leaders.

Thus there are no second chances and every match becomes a "matter of survival."

For Miss Wade, to-night's match against Miss Navratilova will be vitally important because on these relatively fast Plexipave courts she must have a chance of repeating her Wimbledon win over Miss Evert when they meet on Thursday.

She has the added knowledge that in the Team Tennis playoffs last August, her 6—0 set against the world's No. 1 helped the New York Apples retain their title.

Yesterday, she looked relaxed and confident when revealing her $29,000 bonus pool cheque. "Wimbledon made a lot of difference. I know I can beat any of these girls if I play well and I am looking forward to the matches," she said.

Despite a nagging stress fracture in her left leg which kept her out of her last expected tournament, Miss Evert remains the favourite to win this final Colgate Series title.

Already, she talks of going for the Grand Slam title next year (the championships of Australia, France, Wimbledon and the U.S.) and so will miss the Virginia Slims circuit in America next spring.

The doubles title, worth $30,000 to the winning pair, is a straight knock-out affair and involves the four teams who were most successful during the season.

Heading the table are Miss Navratilova and Miss Stove, the U.S. Open winners and beaten Wimbledon finalists, followed by the consistent South Africans Linky Boshoff and Ilana Kloss.

Then come Miss Wade and her French doubles expert Francoise Durr and the surprise Wimbledon winners Helen Cawley of Australia and her young American partner Joanne Russell.

Two semi-finals will be held on Saturday, and the final on Sunday.

RACING — BY DOMINIC WIGAN

Comeback for Lord Browndodd

IN SPITE of a modest turnout of six runners, to-day's 2½-mile Marsh Benham Chase at Newbury promises to be the most interesting on the Berkshire course's jackpot-supported programme.

The field consists of Roddy Armytage's course winner, Lean Forward (the top weight with 12 st.), the locally-trained Lord Browndodd, who was another previous winner here, Harvest, Exhibit B, No Defence and Discount Market.

Although he has not won a race since beating Lean Forward by seven lengths here a year ago, Lord Browndodd is my selection.

The Peter Cundell-trained nine-year-old—runner-up in four of his other eight races last season, including the Geoffrey Gilbey Memorial Chase won by Even Dawn, and Aintree's Topham Trophy—which went to Churchdown Boy, is reported to be in fine fettle. If this is the case, he should prove capable of defying 11st 13 lb.

NEWBURY
1.00—Rodman
1.30—Stublick***
2.00—Gently Does It
2.30—Lambremont
3.00—Lord Browndodd**
3.30—Farcroft

CARLISLE
1.15—Kelloe Brig
2.15—Candled Peel*
2.45—Cantabet

I take him to make his own running and win at the expense of Fulke Walwyn's possibly leniently-treated Exhibit B, who enjoyed a remarkable spell in the 1975-76 campaign.

He won five of his first six races, before meeting with less success last term, when the handicapper began to take his measure.

Another Cundell-trained runner here with strong claims to consideration is Vulabaloo, who is among the runners for the Lionel Vic Memorial Chase.

Vulabaloo, who fell at the 10th fence in the Topham Trophy at Aintree's Grand National meeting, when trained by Dan Moore, one of Ireland's leading trainers, has made just one appearance for his new stable.

This was at Stratford near the end of last month, where he surprised the vast majority of racegoers by running away with the Courage Brewery Chase at 16-1.

In the process, he beat Colonel Mustard, the heavily-backed favourite, by five lengths.

He seems certain to run well again, as does the lightly-raced Stublick. This highly-rated stablemate to the Cheltenham Gold Cup favourite, Border Incident, made short work of Indian Sheba on his chasing debut at Doncaster a year ago, before falling in stronger company at Ascot on his only subsequent appearance.

An extremely smart staying chaser in the making, Stublick could spring a surprise here, provided that his jumping does not let him down.

He is preferred to Vulabaloo.

SALEROOM — BY ANTONY THORNCROFT

Torquay steals the limelight

SOTHEBY'S most important auction in the U.K. yesterday was in Torquay at the Sotheby Bearne saleroom, where furniture totalled £67,825 and only five of the 104 lots were unsold. The top price was the £5,400 from Sargeant, an American dealer, for a George III mahogany five pedestal dining table.

Partridge Fine Art gave £4,900, more than three times the estimate, for an early 18th century black and gold lacquered secretaire cabinet, and Green bought a George III mahogany breakfront bookcase for £4,800—double the forecast.

Norman Adams acquired a George III inlaid satin birch bonheur de jour for £4,300 and Oliver a George III mahogany side table in the French manner for £2,900.

The London sales were very modest, Oriental ceramics making £26,599 a best of £500 for a Chinese Imari bowl and Sotheby's Belgravia totalling £24,160 from Victorian pictures. The top price here was the £780 for "Outside the Cock Inn," by G. Lara.

In Los Angeles on Monday Sotheby Parke Bernet disposed of jewels for £442,583. The highest price was the £28,333 for a diamond solitaire ring.

Mark van Waay in Amsterdam has embarked on a series of picture sales. The first realised £455,535, with a best price of £55,803 for a winter scene by A. Schelghont, and the second, £473,426.

Parts one to six of Thomas and William Daniell's "Oriental Scenery," with 131 coloured aquatints sold for £6,800 to Hartnoll and Eyre at Christies yesterday. The sale of fine topographical and sporting prints, caricatures and maps totalled £64,095.

A private buyer paid £1,400 for "Select Views of India" by William Hodges and another private buyer paid £1,200 for a copy of "The Holy Land, Syria, Ibumea and Arabia," after David Roberts.

A set of 12 illustrations of the "British Salmonidae" by W. H. Lizars went for £1,200 to the London book-dealer, B. Quaritch. A set of four aquatints by Thomas Rowlandson, "The High Mettled Racer" £1,200 to Richard Green.

In a Phillips furniture sale which totalled £37,004, Tickle paid £2,800 for a late 18th century mahogany and marquetry wardrobe and Daly £2,100 for an 18th century Normandy carved chestnut buffet. A marquetry longcase clock by Cufflin of London went to Gordon for £2,000.

Melody reigns as 5,000 Sweet Adeline moms hit town

BY ARTHUR SANDLES

BRITAIN'S biggest foreign conference of the year reaches its spectacular, and melodious, climax this evening, with the presence in London of some 5,000 American women who make up the bulk of the membership of the Sweet Adelines, the feminine equivalent of Barber-shop singers.

To-night will see the finals of the quartet competition when the best foursomes of the week will do their stuff before a packed audience at the Albert Hall. The choir competition is to-morrow but it is on the quartets that the real attention, and the real rivalry, focuses.

The Adelines, many of them matronly ladies with well-managed bouffant hair-styles and nip-waisted dresses reminiscent of the swinging sixties, are more than a little light entertainment for London. During their stay, they will leave behind as much as £1½m. in dollars, and some of them had a nasty shock this week as sterling crept upwards. Harrod's took them seriously enough to send letters of welcome to each of them in their own home towns. Although the bulk of them are indeed Americans, there are small contingents from Canada, Panama and even the U.K.

Getting the Adelines to London was quite a coup. Most of the women involved rarely leave America and some did not even know they had to have passports to travel. For large numbers of them, it has meant two years of saving a little from the house-keeping in order to make this trip of a lifetime.

Sweet Adelines Inc. was founded in Oklahoma in 1947, in a bid to prove that women could sing barber-shop music as well as men. Since, it has grown to an organisation with more than 6[illegible] chapters and 29,000 members spread throughout the American-speaking world.

The Adelines seem to work as a sort of musical weight-watchers with the added attraction of doing a considerable amount of community service in the form of singing for hospitals and churches.

During their stay in Britain, their services to charitable organisations, and on Monday managed to produce enough sweet sound in a massed-voiced sing to drive away some bitter autumnal weather and produce an hour of blue skies for an open-air performance around the Albert Memorial.

At some stages during the day, attendance at the Albert Hall is a little on the thin side, as the ladies sample the shopping pleasures of London. Contrary to the normal habits of their male counterparts, when it comes to evening, the ladies—most of whom are here without their husbands—turn their backs on the bright lights of the city and pack the Albert Hall for the real infighting of the competition.

Soccer badge undertaking

A NORTHAMPTON sports goods manufacturer yesterday undertook in the High Court not to use the official badge of Birmingham City football club.

The undertaking by Coffer Sports, of Round Spinney is effective until the full hearing of an action in which the club alleges infringement of its trade mark by use of its badge on scarves, hats and travelling bags manufactured and marketed by Coffer.

Mr. Jeremy Davies, for Birmingham City, told Mr. Justice Goulding that Coffer had agreed not to manufacture, advertise, sell or distribute any goods bearing a representation of the club's registered badge pending trial.

Coffer is contesting the action, as well as a similar one being brought by Aston Villa football club.

TV/Radio

BBC 1

† Indicates programme in black and white

9.15 a.m. For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 The Flumps. 2.01 For Schools, Colleges. 3.25 Volunteers. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 a.m.). 4.20 Secret Squirrel and Morocco Mole. 4.25 Jackanory. 4.40 The Pink Panther. 5.00 John Craven's Newsround. 5.10 King Cinder. 5.35 Noah and Nelly in Skylark.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 It's A Knockout.
8.05 Secret Army.
9.00 News.
9.25 The Fall and Rise of Reginald Perrin.
9.55 Sportsnight.
10.50 To-night.
11.30 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales — 2.18-2.38 p.m. For Schools. Ffenestri (6) Calangaeaf. 5.10-5.35 Bilidowcar. 5.55-6.20 Wales To-day. 6.50 Heddiw. 7.15 Trem: Sarajevo 1914. 7.40-8.05 To-morrow's World. 11.30 News and Weather for Wales.

Scotland—11.00-11.20 a.m. and 2.18-2.38 p.m. For Schools. 5.55-6.20 Reporting Scotland. 11.30 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 9.25-9.55 Spotlight on Northern Ireland affairs. 11.30 Weathermen: News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

10.20 a.m. Gharbar.
10.45 Parosi.
11.00 Play School.
7.00 News on 2 headlines.
7.05 Play Golf.
7.30 Newsday.
8.05 Top Crown Green Bowling.
8.35 My Music.
9.00 Hospital.
9.45 Play of the Week: "The Kitchen" by Arnold Wesker.
11.05 Late News on 2.
11.15 Arena: Cinema.
11.45-11.50 Closedown: Hugh Burden reads "Three Street Musicians" by Dannie Abse.

LONDON

9.30 a.m. Schools Programmes. 12.00 Here Comes Mumble. 12.10 p.m. Pipkins. 12.30 Sounds of Britain. 1.00 News plus FT index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Family. 3.20 Heart to Heart. 3.50 The Sullivans. 4.20 Magic Circle. 4.45 Midnight Is A Place. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 The Krypton Factor.
7.30 Coronation Street.
8.00 The Benny Hill Show.
9.00 Hammer and Sickle (part 1).
10.00 News.
10.30 Hammer and Sickle (part 2).
11.30 International Darts.
12.00 Night Gallery.
12.25 a.m. Close: Joe Melia reads a poem by John Horder.

All IBA Regions as London except at the following times:—

ANGLIA

[illegible]

ATV

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible] Crossroads. 6.00 Granada Reports. 6.30 Happy Days. 11.30 Fireside Theatre.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 2.25 Dan August. 5.15 Dodo the Space Kid. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Survival. 11.30 [illegible]

HTV Cymru/Wales: As HTV General Service except—[illegible]

HTV West: As HTV General Service except—[illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

F.T. CROSSWORD PUZZLE No. 3,508

ACROSS

1 Decline to include eastern force in stratagem (6)
4 Devonshire confection or just china (5-3)
10 Obtain a professional remedy (7)
11 Knocker-up, madly keen during war (7)
12 Pledge to appear in boathouse (4)
13 Finishing knitting and setting sail (7, 3)
15 Sly shout round end of boat (6)
16 Chap got older but coped (7)
20 Month with no spirit for decency (7)
21 Stick left in shade (6)
24 The cost of carrying soldiers in flight against time (10)
26 Joint covered by a cap (4)
28 Strange format about right for poetic arrangement (3, 4)
29 Educated Oriental gets rude about it (7)
30 Ridiculing some French travelling (8)
31 Turn a learner of a vital column (6)

DOWN

1 Censure salesman going to fish (8)
2 For news it's important but this is at the back of it (5-4)
3 Put arms up in bar-parlour (4)
5 Question frequently asked inside Lords (4, 4)
6 Following a course by deduction (6, 4)
7 Smell nothing but monkey (5)
8 Plant for economy (6)
9 Started to cadge one (5)
14 Fortress a wrestler would like to acquire (10)
17 Part added without strain (9)
18 Searches for chap, e.g. J. Peel? (8)
19 Dismal changer, a bloomer (8)
22 A force leader going to attack is struck with fear (6)
23 Concur with engineers in time (5)
25 Go in and register (5)
27 Carry on the camel's back (4)

Solution to Puzzle No. 3,507

RADIO 1

247m

(S) Stereophonic broadcast

[illegible]

RADIO 2

1,500m and VHF

[illegible]

RADIO 3

464m, Stereo & VHF

[illegible]

RADIO 4

434m, 330m, 285m and VHF

[illegible]

BBC Radio London

206m and 94.9 VHF

[illegible]

London Broadcasting

261m and 97.3 VHF

[illegible]

Capital Radio

194m and 95.8 VHF

[illegible]

هكذا من الأجيال

Soho Poly

Aphasia

by MICHAEL COVENEY

[illegible] am nonplussed, if not totally speechless, after the first [illegible] staging of Andrew [illegible]'s interesting little play [illegible] is because the actors, in all respects excellent, made a [illegible] of the narrative line by [illegible] huge chunks of dialogue rendering the final scenes incomprehensible. When they have [illegible] themselves out, a visit [illegible] no doubt be rewarded.

The piece is a neatly written [illegible] set in the technological [illegible] of a speech disorder unit [illegible] a police inspector is [illegible] the medical scientists [illegible] out the asthmatic [illegible] of a female [illegible]. The policeman (Edmund [illegible]) has a vested interest, we [learn], because the lady fell and [injured] herself when spying on [illegible] games in the snow with [an]other woman. Yesterday it [was] not clear who the aphasic [was] or how, in the final tele[vision] image, she comes to hang herself. But the tale is almost less important than what we learn about the onstage characters.

The chief doctor, Ragman (Terence Edmond), is a convulsive alcoholic given to entertaining diatribes about the nature of language and the value of speech therapy, while his sidekick Stanley (Anthony Dutton) is a saturnine accomplice resigned to the energetic ramblings of his boss and vaguely disgruntled at the injustices of a professional nepotism that have assigned him an inferior status. The quartet is completed by a chirpy technician (Ian Mackenzie) who is failing to fix the two monitoring television sets that are out of action.

John Link's production is cool and intelligent and can only improve after yesterday's debacle. Mr. Hislop, whose first play this is, displays a good turn of phrase and a thorough terminological grasp of his chosen subject. This is the best new play of the current Soho Poly season.

Palladium

Cleo Laine

by ANTONY THORNCROFT

There was a rather sober company for Cleo Laine at the Palladium on Monday where she started a week of performances which celebrated her fiftieth year, half of them spent married to John Dankworth, her wispish musical Svengali. It was as great [illegible] business occasion; just

The Entertainment Guide is on Page 26

[ei]ther supremely professional [appe]arance by the country's most [acco]mplished jazz singer.

But is Cleo Laine a jazz singer? [Her] range of material takes in everything from musicals (Send in the Clowns) to recent hits (Got the Music in Me) to standard (By Strauss!), and backed by a large and [sta]tely orchestra she was more international cabaret artist playing the Palladium, rather than the current carrier of Billie Holiday's torch, especially with stalls at £7.50.

But her vocal skills, and remarkably youthful appearance, wore away the doubts, and although three hours and a bit is rather too much of a good thing, Cleo Laine deserves her high reputation. Her voice is just as versatile but now more maturely controlled; her stage presence is deft; her unity with John Dankworth, rather shadowly observed in the background conducting the orchestra with a clarinet when not playing saxophone, is indivisible.

I think her versatility drains her performance of most of its emotion as she rings the musical changes with scarcely a pause, but for anyone who just wants to hear contemporary singing of the very highest class an investment in a seat is essential. Guitarist John Williams is also on hand, but rather lost amid the precision of it all.

Ronnie Scott's

Stan Getz

by KEVIN HENRIQUES

Stan Getz—"one of the greatest saxophone players of all time" as Ronnie Scott so accurately introduces him—is back in residence in London's premiere jazz spot until the end of next week. Aficionados will need no persuading to spend their money to hear the sensuous, sinuous tenor-sax playing of one of the living giants of jazz. Martians who have never heard the warmth and beauty of Getz's sax should rectify the omission immediately.

Like most giants in jazz Stan Getz is a restless searcher. While not prone to the trendy excesses of some of his contemporaries—though he did have a brief, unfruitful flirtation with the avant-garde in the late 60s—he has always taken chances. He is associated with the bossa nova, which was a musical as well as commercial success. Then for a while he had an all-European rhythm section, including an organist, again a musical, but not wildly commercial, success. His latest innovation is a multi-keyboard player, Andy Laverne, who, apart from acoustic piano, uses electric piano and synthesizers. He also provides the major portion of the tunes the Getz quintet plays.

Apart from his compositional skill, Laverne's presence seems primarily for the production of wailings, siren-like sounds and other unmusical noises which can be manufactured from a synthesizer. Sometimes the synthesized sounds are used by themselves, away from the rest of the rhythm section; sometimes they are used as a blanket of sound behind him. Fortunately Laverne does not use the devices to excess. In fact they do not add considerably to the musical content and quality of the evening for, as ever, the sheer mastery musicianship of Getz himself towers above all else.

In the Laverne compositions, which have a strong harmonic and rhythmic content, Puerto Rican percussionist [illegible] provides this nourishing undercurrent to many of the tunes—Getz plays with that control and logicality in construction of improvised choruses which never ceases to astonish the listener. He sub-edits himself expertly. His playing is concise, never rambling. This is never more obvious than when in a bossa nova or a ballad such as "Lush Life" or "Willow weep for me." Here his unmistakeable tone is at its lushest. Here, too, he proves he needs no irrelevant electronic devices to enhance his playing.

Television

Money, money, money...

by CHRIS DUNKLEY

Do you remember the days when, although a man would tell you more than you really wanted to know about his sex life, and the most intimate details of his operations and illnesses, or the murkiest facts about his family history—he would defend to the last breath his right to keep his salary a secret? You surely must because the days are not long gone.

Yet there is no doubt that they *are* now gone: it is becoming difficult these days to turn on the television without finding some morose chap bitterly itemising his family income for the eyes and ears of the whole nation and then, even more balefully, listing his expenditure and proving yet again the eternal truth of Mr. Micawber's dictum:

"Annual income twenty pounds, annual expenditure *twenty pounds ought and six*, result misery."

The most popular ploy at present is to hunt down one man in Britain and another in a foreign country—preferably family men, so that they are committed to similar blocks of expenditure on mortgages, cars, children's clothes and so on—and then compare the family balance sheets. Inevitably the Britons come out looking like paupers if not refugees.

Of course there is nothing really new in the idea: I seem to recall a similar item from the very early days of *Tonight* some 20 years ago. And it would come as no surprise to find other current affairs programmes (*Weekend World* perhaps or *Panorama*, *World in Action* or *Nationwide*) using the technique.

The interesting thing is that it has been used twice recently not by general current affairs programmes but by series given over specifically to money, the significant point being that whereas we used to have just the one programme of this sort on the BBC's second channel — *The Money Programme* — to-day there are four: the afternoon series *Money Go Round* from Thames, Anglia's series called *Enterprise*, Thames's new Thursday evening series *Time For Business*; and *The Money Programme* itself.

For reasons best known to the people who plan the schedules for the ITV network, neither of the two newest series — *Enterprise* and *Time For Business* — can be seen outside the areas of their production companies: they both go on air at 10.30 on Thursdays, but if you live outside the south-east corner of England you won't be able to see either of them.

Since both programmes are dealing with subjects of national and not regional interest, and since both seem to be of a standard at least equal to that of the average current affairs programme, and since both appear to require fairly costly resources, this does seem somewhat perverse. No doubt any explanation from ITV would place great emphasis on the lack of a second commercial channel.

Whatever the reasoning, the fact remains that either (or both) would serve the whole ITV network well. *Time For Business* appears, so far anyway, to be quite determinedly a magazine programme with several regular studio spots—studying the fortunes of BP shares, taking a look at the week's financial news with Nicholas Faith and so on—and the rest of the time devoted to film reports not entirely dissimilar to those we have come to expect from *The Money Programme* though on the whole rather more zippy and upbeat.

The first week's report by the rhetorical - question fanatic Graham Turner ("What is it really like? Is it as good as it sounds?" etc.) on franchise operations was a neat and original idea: the carpet-cleaning, fried-chicken and instant-print businesses lent themselves to being filmed the scale was such that every individual viewer could identify, and the firms were mainly the familiar sort that we all see in the High Street.

The only doubt was where the programme could possibly find another subject as good, and although they tried hard in week two by sending reporter Llew Gardner out to interview the managing director of Costain's in a hard hat on a building site, and Angela Lambert out to look at just about everything else (from the English grape harvest to Bob Jantel's Panther car business) that doubt remained.

Moreover, the inclusion of a scrappy studio discussion about merchandising which dealt superficially with the operations of one man (who launched King Kong Bubble Bath following the recent film, and is planning Darth Vader Bubble Bath for whenever *Star Wars* finally reaches us) backed up the suspicion that *Time For Business* may be willing to sacrifice just about everything in the name of lightness and popularity.

Such an approach could, perhaps, have been deduced solely from the decision to use Eamonn Andrews as anchorman. Relaxed, charming, fluent, and highly practised though he is as a programme chairman, he comes across as a lay man rather than a financial expert and no doubt that is precisely the intention.

Anglia's *Enterprise*, judging from the two editions that I have been able to see, is a good deal more like *The Money Programme* which is hardly surprising since it is edited and presented, seemingly with great proficiency, by John Swinfield, one of *The Money Programme's* old boys.

Both editions I saw were, to some extent, beating the drum and simultaneously sounding the alarm for British management, and *Enterprise* was the first of the two recent programmes that have run the income/expenditure comparisons mentioned above. Swinfield compared a British and a German marketing man in similar jobs in two of Fison's chemical companies.

He discovered that the Briton, *whose wife gets about on a* bicycle, was musing about joining a union or alternatively dropping out and changing his style of life altogether. The German, whose wife drives the family's second car, was very happy with his job and treating his plans for building an £87,000 house as quite modest.

The other series which has recently done a similar set of comparisons, this time using firemen in New York and London, was Thames's *Money Go Round*.

Reporters Tony Bastable and Joan Shenton made a series of four short films in America which, though their connection with money (aside from the fireman sequence) was hazy to say the least, were certainly of a very much higher quality than we have been taught to expect from daytime programmes. The films on small claims courts, consumer protection, and freedom of information might be thought to deserve a larger audience than whatever they attract in the afternoon.

All these series—*Time For Business*, *Enterprise* and *Money Go Round* (which is, admittedly, the longest standing of the three)—came into being partly in response to a feeling, and sometimes outright complaints, that television did too little regarding industry, commerce, finance, indeed any matters in which money is of central significance.

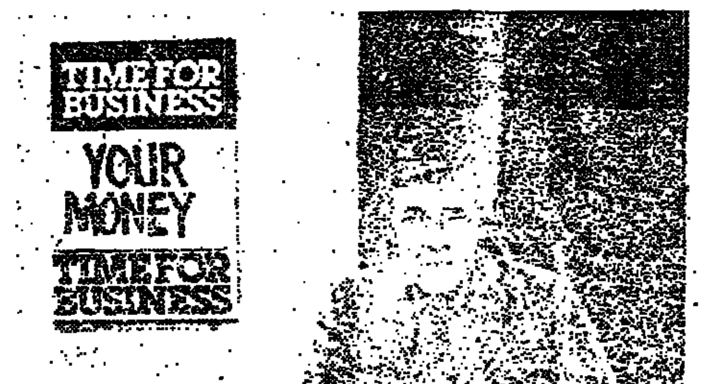
The irony is that having done so, they *are open* to the criticism that now when they do deal with the affairs of ordinary men they do so in a way that is far too exclusively concerned with money.

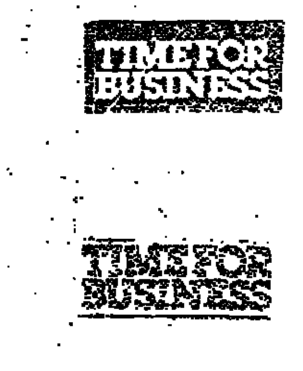
In the comparisons involving German, American and British employees, for instance, there was no room on the British side of the balance sheet for "Kidnapping extremely rare" or "World's healthiest live theatre" or "Most recent invasion 1066" or "Policemen without guns" or "Greatest national collection of symphony orchestras" or "No ID cards"—all of which are considered by many people to be more important than the frequency with which they can afford to buy new cars. And it may be that they are not as unconnected with salaries and wages as they seem.

Intriguingly it is *The Money Programme*, daddy of them all, with its weird new studio set featuring table lamps perched up the walls, which shows the likeliest prospect of putting money back into perspective.

At present it is in the middle of a fascinating two part portrait of Sir James Goldsmith and his companies, but the previous programme went out to discover whether British businesses would expand if only the capital were available, and discovered that bureaucratic legislation was often considered a greater stumbling block than lack of money.

In addition *The Money Programme* now has Hugh Stephenson who, a couple of weeks ago got perilously close to ticking us all off for worrying about the hijacked hostages at Mogadishu when we could have been agonising over world steel production figures. Yet he appears to be quite intelligent enough and broad minded enough to use his time at the beginning of the programme to do just the opposite and pull money back out of the compartment into which television by its slotted programme structure tends to push it.





John Bett

Bush

Writer's Cramp

Writer's Cramp, by John Byrne, was the hit of this year's Edinburgh Fringe. It purports to give a documentary account of the life of F. S. McDade, a Scottish polymath who died in Nitshill, Glasgow, in 1976 — a leaf, as the commentator says, from "the deciduous tree of Scottish literature."

McDade was a writer, poet, painter and sage. His first poem was for his school magazine, but he seems to have added little at Oxford. Here he pursued with modest success a girl called Pam, his other girl-friend Anne having had a misfortune — "Dickers got Anners preggers at Tuts here," his friend tells him cheerfully. During the war McDade was at an Officers' Training Unit, leaving it only to become a driver's mate in REME. His war diaries, to be called *The Khaki Thief*, were interrupted when Security discovered that he was not the son of his alleged father but, illegitimately, of a German, so he had to be rushed off to internment.

While "inside," at [illegible], Isle of Wight, he wrote his first novel to be published, *Foxy the Buns, Dolly*, on two rolls of toilet-paper.

After the war he married his Pam and spent five years in the Talks Department of the BBC. When even that spewed him forth, he gave up literature for painting. He had a brief success at this before the critics got tired of him and boosted someone else instead.

All this is told in hilarious detail by Mr. Byrne with a cast of three. Bill Paterson plays McDade from schooldays to deathbed. He is flanked by John Bett, whose main function is narration, principally in the language of old-fashioned Scots critics, but who also takes on a variety of parts, from Pam to a R.C. padre who falls asleep in the middle of administering extreme unction; and Alex Norton, charged with the reading of some of McDade's work, including one of his rare poems in Lallans, and with such characters as McDade's schoolfriend Double-Davies, who grows up to be a small crook, and his amorous landlady.

Mr. Byrne's invention is not only generous, it is notably on target. Given the necessary element of parody, it's remarkable [illegible] close to [illegible] his characters come; even the list of McDade's casual journal[ism] pieces given in the programme is cruelly familiar to anyone who has trodden that path. There is hardly a moment in the evening when some target is not hit squarely and embarrassingly on the button; and the three players take on their various incarnations with great skill.

There is nothing highbrow or private in the floods of fun that fill the Bush in Robin Lefèvre's witty production, and nothing vulgar either. The evening is a solid heap of laughter that I can't recommend too highly.

B. A. YOUNG

New Hungarian Music—2

by DOMINIC GILL

Although the days of *Korunk Zenéje*—Contemporary Music—in Budapest each year devote the greater part of their platform to recent Hungarian work, the festival has become increasingly international in outlook since its debut under the umbrella of the Budapest Music Weeks in 1974. Last autumn the Italian flautist Severino Gazzelloni, and Les Percussions de Strasbourg were both guests of the festival. This year, the piano duo of Aloys and Alfons Kontarsky was welcomed with thunderous enthusiasm by a crowded audience in the Music Academy's Great Hall. We also heard a performance of Penderecki's *Luke Passion*, and the premiere in Hungary of the Requiem by the Soviet composer Alfred Shnitke (b.1934); and as the week's finale (unfortunately after I had left Budapest), a concert given by the Fires of London under Peter Maxwell Davies, by all accounts a triumphant success.

The playing of some of the many brilliant young Hungarian performers during the week, such as the flautist István Matúz, the cimbalomist Márta Fábián, the pianist Ádám Fellegi (we heard nothing this year of the spectacular trio of young pianists Ránki, Kocsis and Schiff), I described in my first article last Monday. A solo recital given by a virtuoso of the older generation, the percussionist Ferenc Petz, was perhaps less startling in its impact: but it was a well-made, well-rounded programme nonetheless, done with dedication and care. The new repertory he chose was unremarkable: three works in particular by József Bakky, László Kalmar and the Japanese Masayoshi Sugiura were colourist essays of the slimmest substance, vague in direction, unfocused in aim. But one work, a 13-minute set of *Variations* by the Hungarian composer Lajos Papp, now living in Germany, scored for harpsichord and percussion (chiefly vibraphone, xylophone and side-drums), stood out above the rest—neat, tightly drawn in its very simplicity disarming.

A concert given by the visiting Ars Nova Ensemble of Cluj from Romania was as disappointing as it was badly attended—though the hour of 11 o'clock on a Sunday morning can be no more a time to draw the crowds in Budapest than it is in London. But perhaps word had already gone around, for the best works of the Romanians' programme were less than exciting: *Vocabular I* by Myriam Marbe for soprano, prepared piano, clarinet and percussion, brightened with one or two colourful moments, spread fairly thin; *Vagues* for five instruments and percussion by Nicolae Brindus, more vague than undulant—curious potpourri of avant-gardeish idioms, unconvincingly mixed; and *Syntagma II* by Vasile Herman for six instruments and two percussionists, its chief virtue a good line in question-and-answer tactics, spiced with some lively rhythmic conversation.

A chamber concert the same afternoon, on the other hand, given by a variety of Hungarian performers, offered some exceptional new works. The first concert performance of *Lamenti* by Sándor Szokolay was played by Márta Fábián: a rather beautiful essay in muted half-lights, cut with fierce interludes, for solo cimbalom—memorable as much for the physical joy of the performance, electrifying in its immediacy and concentration, as for the music. I also liked *Repliche No. 2* for horn and cimbalom by Miklós Kocsár—an unusual combination, and not in every respect a successful pairing, but sharpened with some interesting bittersweet contrasts, haunting resonance.

In the same programme we also heard two works of György Kurtág—the father (better still, the father-confessor and mentor) of the new post-war Hungarian school. Neither work was new—Kurtág's opus is not large, and he composes slowly, with extreme self-critical restraint. But both are minor masterpieces, perfect of their kind: *Eszká-Emlékező*, seven songs to poems by Dezső Tandori, set for soprano and solo violin, which conjure magic out of the slenderest substance, spare, simple, wonderfully distilled, and the *Four Songs* to words by János Pilinszky for baritone and instrumental ensemble—"Alcohol," a monotone chant for voice and bowed zither, "Postcards" for voice, violin and cello, dark, dramatic recitative full of echoes and portents, "Hölderlin," a swirling fragment for voice and string trio; and "Beating," bitter contest for voice and seven instruments, savage, clear-cut and precise. They are strange, rewarding pieces, beautifully crafted, rich in subtle variation. Odd that Kurtág should still be so neglected abroad, and so little of his work recorded—among his recent compositions, the Pilinszky Songs alone are now available on Hungaroton SLPX 11845.

Two years ago, the *Korunk Zenéje* presented an "author's evening" devoted entirely to Kurtág's music. This year there were two "author's evenings," one of music by Rudolf Maros (b.1917)—a programme of respectable, well-made works of no outstanding mark or consequence (three of those we heard, *Consort* for woodwind quintet, *Trio* for violin, viola and harp, and *Musica da Camera per 11*, can be found on a record of Maros's music, Hungaroton SLPX 11775); and another of works by Attila Bozay (b.1939)—whose *Sorozat* for instrumental ensemble, and *Improvisations I* for solo zither (Bozay is himself one of the world's few zither virtuosi), had impressed me in previous years.

The best of Bozay's music—like the zither *Improvisation* which he played again during his "author's evening," or his new *Improvisations II* for an array of different sizes of amplified wooden recorder with string trio (he has recently taught himself to play the recorder)—hovers uncertainly, but exhilaratingly, on the border between gimmick and fantastical kitsch. Bozay himself is a born showman: he spun off his performance of *Improvisations II* with the agility of a very sophisticated circus turn—a brilliant catalogue of instrumental effects, melancholy glissando tones on alto recorder, chirping pizzicati on descant, bright quint-chords from alto and treble played at once, and from his bass recorder deep tremolandi, like the rustling of leaves.

No doubt that such showmanship can be effective, and notably so when it is delivered with the polish, conviction and finesse of Bozay. Two pieces from 1969, *Intervalli* and *Formazioni* for solo piano and cello (respectively) made up for what they lacked in hard centre by their very audacity and [illegible] — *Formazioni* especially, a striking virtuoso study [illegible] sonority, was given here a performance of great presence by Miklós Ferényi. *Tükör*, a new work for cimbalom and zither, was another attractive piece which cleverly sidestepped gimmickry at crucial moments—a duet of contrasting textures, dreamlike, suspended in time, very prettily imagined; and also beautifully played by the composer with Márta Fábián (Bozay's *Sorozat*, *Intervalli* and *Formazioni*, and the first *Improvisations*, are all available on record SLPX 11741).

EUROPEAN NEWS

WEST GERMAN GROWTH

Doubts over Bonn's target

BY ADRIAN DICKS IN BONN

THE WEST GERMAN Government's DM11bn. (£2.7bn) tax cut package, intended to live up to Chancellor Helmut Schmidt's promise at the London economic summit of securing growth of at least 4.5 per cent. in Gross National Product next year, is due to receive final parliamentary approval on Friday.

Already, however, it is under criticism. The personal tax cuts have been attacked as too modest, and as failing to use the opportunity for basic reform of the tax system. More seriously, the feasibility of the 4.5 per cent. growth target in 1978 has been called into question—to the deep annoyance of the Social Democratic-Free Democratic coalition Cabinet.

These doubts have been most clearly expressed so far by the joint report of the five leading West German economic institutes, published last week. Basing their assumptions on the original DM7.2bn. tax cut proposals, rather than on the DM11.8bn. finally agreed on, the institutes predicted GNP growth of only 3 per cent. in 1978, or about as much as is now expected for this year.

They foresaw little lowering, if any, of the average monthly level of unemployment from the 1.1m. now likely for 1977. Though they dismissed talk of a sudden plunge back into recession, they described any sudden pick-up in economic activity as equally unlikely, and predicted an increase of the real volume of world trade by only 5-6 per cent. in 1978.

Damper

The institutes strongly suggested that they feel further stimulus may be needed on top of the new package.

The five institutes' report, which is the first of the annual series of forecasts, has come as something of a damper at the very moment when business confidence, as measured by the IFO research institute's monthly test, had begun to pick up, apparently because of expectations raised by the reflationary package.

The institutes expect export demand to grow only very slowly in 1978, principally because of the still uncertain prospects of many of Germany's most important trading partners. There are some signs of strength in the U.S. and the oil states for example, but prospects vary widely between industries. The mechanical engineering sector, for instance, has just reported a 12 per cent. jump in new export orders during September, compared to a 6 per cent. rise in home orders. All in all, however, the institutes expect exports to rise only 5-6 per cent.

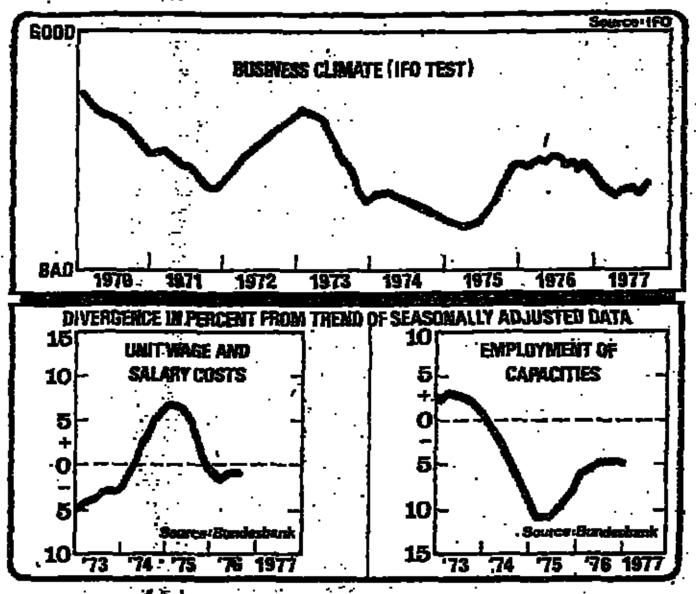
Given the 10 per cent. increase of the West German trade surplus to DM26.3bn. during the first nine months of this year, outsiders might be forgiven for detecting a certain note of self-pity in these forecasts.

Yet it remains true that the economy is enormously dependent on exports, and that in addition to the uncertainties of foreign demand next year, West German companies will have to contend with the disadvantage of an ever-dearer D-Mark. At the end of last week it had gained 20.7 per cent. against the currencies of West Germany's 22 most important trading partners since the end of 1975.

Second among the areas of concern is the lack of any evidence that domestic demand can make up the full difference. The long boom in home car sales, which has done much to enliven total figures for retailing and investment, is expected to level off next year. Consumer demand as a whole has had a once-for-all filip this year from the freeing of upwards of DM16bn. in statutory long-term contracted savings instruments in July, while the combination of the tax cuts, seasonal Christmas purchasing and a rush to beat the VAT increase is expected to keep it buoyant during the remainder of this year.

Domestic investment has been a much more fickle source of demand. A new study by the IFO Institute suggests that it will have increased by only 3-4 per cent. in real terms this year, and that it is unlikely to grow much faster in 1978—though the survey was taken before companies had had the chance to assess the accelerated depreciation terms offered them in the new stimulatory package. The Bonn Government hopes that this will encourage many at least to go ahead with replacing older plant and equipment, and at best to undertake enlargements in productive capacity that will provide more jobs.

Monetary policy, meanwhile, remains more than favourable to new investment, with interest rates at their lowest levels since the mid-1960s and little expectation that they will be pushed up, even by a substantially higher Public Sector Borrowing Requirement next year. With present rates of capacity-use little better than the 80 per cent. around which they have hovered for the past 12 months, there still seems no sign of any rush by industrial borrowers for funds to invest, however cheap they may get (and a further decline in interest rates is still very much on the cards).



The most important area of doubt for next year is over the level of wage settlements. For some months now companies have been pointing to the danger for German exports of the combination of a rising D-Mark and of an average hourly labour cost of DM18 that is already the world's second highest after Sweden. Their case has been taken up by many others, including the Bundesbank. Now the five institutes have expressed the hope that wages will not rise more than 6 per cent. in 1978.

Figures just released by the Economics Ministry show a 5.6 per cent. increase in net wages and salaries during the first six months of this year, compared with a 4.3 per cent. net drop in the incomes of entrepreneurs and investors. Corporate profits as such are not yet available, they are unlikely to show the per cent. jump experienced average in 1976.

It is against this backgro[und] that the 1977/78 wage rou[nd] opens this week, with prelim[in]ary contacts between unions [and] employers already under [way] for the steel industry and se[veral] geographical areas of the [metal] industry. The employers [are] expected to argue forcefully [that] this year the balance betw[een] wages and profits has been u[pset] too far in favour of work[ers] and that only the prospect [of] tenable profit increases ove[r a] period of years will coax [com]panies into making new, [job-]creating investments.

The unions are likely to ar[gue] that few new jobs were crea[ted] by last year's surge in pro[fits] and that little has been d[one] seriously to examine their [own] suggestions for sharing [work] through shorter hours, or bringing forward the retirem[ent] age. Their leaders are bitt[er at] the coalition Governme[nt's] refusal to take more di[rect] action to bring down unemp[loy]ment, and sceptical about [the] usefulness of what it has so[ught] to do to improve labour mobi[lity] and industrial training.

Challenge

Not least, the atmosph[ere] between unions and emplo[yers] remains heavily influenced [by] the still pending constituti[onal] lawsuit brought by [the] employers' federation (with strong encouragement of the [late] Dr. Hanns Martin Schleyer[) to] challenge the new law exten[ding] workers' representation on [com]pany supervisory boards.

Count Lambsdorff, the Economics Minister, went ou[t of] his way in his first public sp[eech] three weeks ago to warn for[eign] observers not to take West [Ger]many's social concensus [for] granted. He clearly feels he [will] be doing well even to get the sides of industry to sit dow[n to]gether with the Government [and] Bundesbank at the next "[con]certed action" meeting at w[hich] wage and price trends for [1978] will be discussed.

While the Minister's tas[k is] more delicate than usual [this] year, there is no reason to t[hink] that the West German social [con]census is going to break d[own]. What it does need is to discover a common lang[uage] between employers and uni[ons] as a first stage to extracting [the] best from a stale and flat-tas[ting] recovery that disappointed ev[ery]one this year and may be [slow] to pick up speed in 1978.

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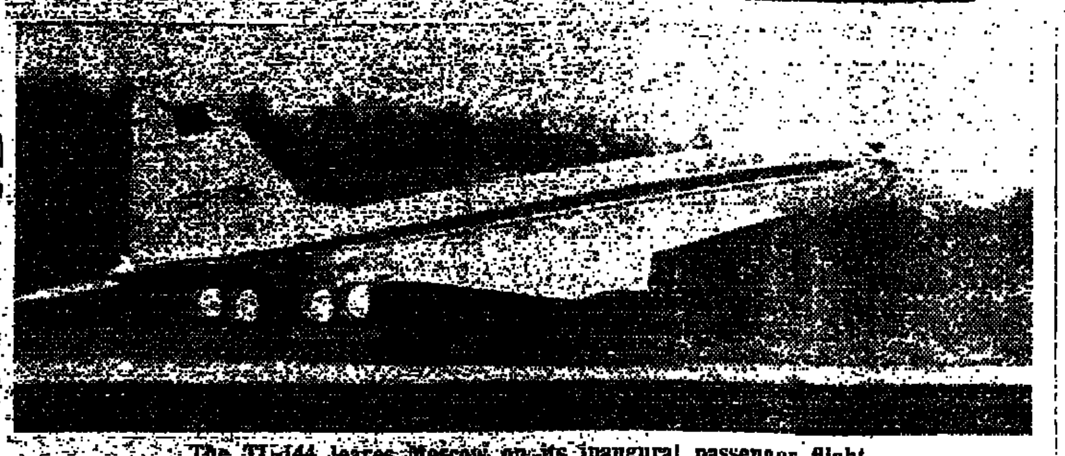

The TU-144 leaves Moscow on its inaugural passenger flight.

Soviet supersonic aircraft begins passenger service

BY DAVID SATTER

MOSCOW, Nov. 1.

THE SOVIET UNION to-day inaugurated passenger flight service on the TU-144 supersonic airliner with a flight between Moscow and the central Asian city of Alma-Ata which was completed in exactly two hours.

The TU-144 will now make weekly passenger flights along the 2,000-mile route, cutting in half the flight time of the 200-passenger sub-sonic IL-62 which has been serving on the Moscow/Alma-Ata route.

Alexei Tupolev, the aircraft's designer, who flew on to-day's inaugural passenger flight, said in Alma-Ata that the 140-passenger airliner had flown 2.5m. miles during testing. He declined, however, to say how many TU-144s had been produced or were on order.

Although the TU-144 can carry 140 passengers, only 80 were on the inaugural flight, mostly Government officials and journalists. The flight was described as smooth and uneventful but the noise made it impossible for people within a few feet of each other to speak without shouting.

The take-off was described as rapid and powerful with the aircraft making an immediate steep ascent, reaching a height of 52,000 feet and 1,400 miles an hour.

There was no problem with vibrations during the flight. Vibrations were thought to be one of the TU-144's most serious problems.

The TU-144 was first scheduled to go into pasenger service in the second half of 1976. It began regular mail and cargo flights between Moscow and Alma-Ata in December, 1975, in what was a kind of extended test programme.

However, the Soviet Aviation Minister, Mr. Boris Bugayev, said early this week that "reinforcing work" on the aircraft would continue until the end of 1977. The successful flight to-day, even on the relatively short Moscow-Alma-Ata route, indicates that some of the problems with the TU-144 have been solved. They were thought to be excessive fuel consumption and vibration.

Both the flight to Alma-Ata and the return flight, which also took two hours, went smoothly.

The Soviet news agency Tass said that crews from the TU-144 had been trained to pilot it by means of an electronic computer. Tass said the aircraft could develop speeds of up to 1,550 miles per hour, somewhat faster than its rival, the Concorde.

The TU-144 was first test flown in December, 1968. In 1973, a TU-144 crashed at the Paris air show, killing the crew and eight people on the ground. Since then, the aircraft has undergone extensive modifications but observers here still doubt that the TU-144 will be used extensively on domestic routes in the near future.

Tickets for the weekly flight between Moscow and Alma-Ata will cost 83 roubles (£65) each way, 17 per cent. above the sub-sonic fare.

Although there has been talk of flying the TU-144 on international routes, it could be years before the aircraft, which has not yet been scrutinised by Western experts, would be able to gain an international airworthiness certificate and compete effectively with the Concorde.

Defiant Carrillo off to Moscow

BY ROBERT GRAHAM

MADRID, Nov. 1.

THE SPANISH Communist Party leader, Sr. Santiago Carrillo, has vigorously asserted his party's acceptance of Euro-communism on the eve of a visit to Moscow to take part in the 60th anniversary celebrations of the October revolution.

Speaking in Bilbao, Sr. Carrillo said: "Rather than broken off, our relations with the Soviet Communist Party are affected by its refusal to come to terms with the changes that have taken place (in Spain) these years." He added that "relations between Communist parties must be based upon acceptance of divergencies and not on uniformity and complete unity."

The visit to Moscow is regarded here as a move by both sides to keep the bridges open. Included in the delegation, at the invitation of the Soviet Communist Party, is 81-year-old Sra. Dolores Ibarruri who returned from exile in the Soviet Union earlier this year.

Sr. Carrillo has no plans to meet any Soviet officials. The invitation is being seen here more as a courtesy than a formal attempt to discuss a rapprochement.

There are still 10,000 Spaniards living in the Soviet Union as a result of the Spanish Civil War and the Spanish Communist Party has important historic ties. Nevertheless there is considerable interest here as to how he will be received.

His insistence on the Russians taking the initiative in any real rapprochement is likely to be an inhibiting factor. Over the weekend he repeated that relations between the two parties could only improve if new criteria were adopted. Some regard the visit as more of an attempt to keep the hardline pro-Moscow elements in his party content.

Brussels hails pound rise

BY DAVID BUCHAN

BRUSSELS, Nov. 1.

EUROPEAN Commission officials to-day welcomed the rise in sterling against other EEC currencies as having the "automatic effect" of lowering the cost to the Community budget of subsidies on British food imports in the form of monetary compensatory amounts (MCAs).

If the rise were "sustained through this week," they said, the first impact would become apparent at next week's fixing of MCAs. These are designed to cover the gap (31.9 per cent. at the end of last week) between the current rate of sterling and the artificially high green pound rate used in agricultural calculations. For the U.K. they largely take the shape of subsidies—said to be worth about £1m. a day—on food imports.

A permanent improvement in sterling would also make more palatable the Commission's plan to phase out MCAs over the next seven years, the officials said. Introduced as a temporary measure in the late 1960s to iron out currency distortions in farm trade, they will this year cost the EEC budget 1.5bn. units of account (£625m.).

British bacon hit Page 29

Soares rejects call for coalition talks

BY DIANA SMITH

LISBON, Nov. 1.

PRIME MINISTER Mario Soares has rejected demands of his closest rivals—the Social-Democrat Party (PSD), to begin to negotiate a common policy based on a new government with a new programme, by October 31.

A communique issued late last night by Sr. Soares' office said: "One must not confuse a desire to find a common policy, providing guidelines for short and medium term options with a share of power at executive level, much less a coalition government. We had ample proof of such situations in the provisional government (of 1974-76). The ruling Socialist Party will not agree to repeat these experiences."

Sr. Soares' long, sometimes bitter, communique lashed out at his opponents, stating that "Portuguese democracy is still too fragile for political or social leaders to arrogate the right to undermine it through impatience or haste, having abandoned themselves to immoral, inconsequential reactions, moved merely by political party ambitions." However, it stressed the Government's continued willingness to talk and seek a common policy, inside or outside parliament, with other parties and social forces as a whole, or in part.

Reuter adds from Paris: Sr. Soares to-day met Saudi Foreign Minister Prince Saud al-Faisal for talks on establishing relations between the two countries, Portuguese Embassy officials said.

Blumenthal announces economic summit

By Paul Betts

ROME, Nov. 1.

A MEETING of Organisation of Economic Co-operation and Development member states to discuss the problem of unemployment in the industrialised countries will be held in Paris next month. The meeting, which is expected to involve OECD Labour Ministers, was announced here to-day by Mr. Michael Blumenthal, the U.S. Treasury Secretary.

Before leaving Rome for West Berlin after talks with the Italian Prime Minister, Sig. Giulio Andreotti, Mr. Blumenthal said that unemployment, especially youth unemployment, was the most crucial issue facing the industrial world at present.

In an Italian television interview to be transmitted later to-night, he urged individual nations to "compare notes" on how to tackle unemployment. "No country can solve the problem by itself. It is too vast."

Mr. Blumenthal also suggested that if the world economy did not pick up, it would probably be necessary to convene an OECD Finance Ministers' meeting next spring.

He also indicated that he would introduce new economic measures in the U.S. during the second half of next year, should the economy not improve by next spring. However, he said he was confident, at least for the time being, on the strength of the dollar.

Yesterday Mr. Blumenthal said the strength of the U.S. currency was assured by the country's 5 per cent. growth rate, prospects of good growth next year, and the Carter administration's efforts to reduce inflation and unemployment. He also said that following his visit last week to Middle East oil producing countries, he expected oil prices to remain stable for some time. He had found "encouraging comprehension" in the Middle East.

A final decision on oil prices, however, would be taken next month at Caracas, said Mr. Blumenthal.

Before leaving for West Germany, he indicated that he would urge the Bonn Government to adopt a more expansive economic policy.

At the same time, Sig. Andreotti's minority Christian Democrat Government decided to-night to postpone a meeting of Italian Economic Ministers scheduled later this week which was to examine an economic package chiefly aimed at resolving the crisis currently afflicting the depressed south of the country, or Mezzogiorno.

The financial crisis of Italy's state sector, unemployment, and the resurgence of Mafia activities have severely affected the region.

Sig. Andreotti is understood to be looking towards U.S. investments to help ease the problems of the south, and a delegation of U.S. businessmen is expected to visit it within the next few weeks.

Phillips denial

Phillips, the operating company of the Cod oil and gas field, has denied reports that the field's production platform has been unfavourably placed in relation to the oil and gas reserves in the structure, Fay Gjester in Oslo. It said no problems were anticipated in draining the reservoir.

Norway squeeze

The Norwegian Government yesterday told commercial and savings banks in southern Norway that they must increase their reserve requirements with the central bank by 1 per cent., AP-DJ reports. The move is expected to cut liquidity by Kr.1bn.

WASHINGTON AND THE ILO

Concern over Communist tactics

BY DAVID EGLI

GENEVA, Nov. 1.

THE U.S. administration has been on the verge of a decision to withdraw from the International Labour Organisation for many months.

However, its leaving a major international organisation for the first time since the Second World War should not be interpreted as a move towards isolationism.

The move should be seen essentially within the context of domestic American policies, even though it will deal a serious blow to the future operations of the United Nations agency devoted to improving working conditions.

President Carter has bowed to the wishes of both the employers and the U.S. trade union movement, and in doing so overruled his closest advisers on foreign affairs.

In line with the Administration's stand on human rights, withdrawal from the ILO is partly an indication to the Soviet Union that, however necessary and desirable it may be to reach agreement on such matters as strategic arms limitation, this does not imply concessions with regard to political philosophy.

This hard line approach was, in fact, determined two years ago under the Ford Administration and at the prompting of Mr. George Meany of the AFL/CIO, the U.S. equivalent of the British Trades Union Congress. At that time Dr. Henry Kissinger formally notified the United States intention to withdraw, although the then Secretary of State stressed that "the U.S. does not desire to leave the ILO" and that "it did not ultimately expect to do so."

It was expected that the organisation would respond in the two year statutory notification period to four matters of fundamental concern to Washington. The first of these was the contention that the workers' and employers' groups in the organisation were falling under the domination of Governments.

The U.S. recognised that the world was no longer what it had appeared to be at the time of the drafting of the ILO constitution in 1919 or at the time the U.S. joined in 1934. In truth, Dr. Kissinger noted, only a minority of nations had anything resembling industrial democracy, just as only a minority could lay claim to political democracy. There would be no attempt to turn back the clock, he indicated. But on the other hand the U.S. would not submit passively to attempts by other states to coerce the U.S. to give up its liberties for continued participation.

Behind this rather turgid language, there lies the old fight over the selection of representatives from Communist countries for participation in the workers' and employers' groups, under the unique tripartite system of the ILO.

Worker and employer representatives from the Western world, and not only from the U.S., found it increasingly difficult to sit beside representatives of state-dominated trade unions and state officials in their capacities as employers.

Exacerbating this issue was what the U.S. saw as a selective concern for human rights, a disregard for due process and the increasing politicisation of the ILO.

Dr. Kissinger complained that the ILO conference in Geneva had an "appalling" record for selective concern over the application of the basic conventions approved by the organisation on freedom of association and forced labour. It pursued the violation of human rights in some states, he said, while granting immunity from such citations in others.

This was seriously undermining the credibility of the ILO's support for freedom of association, central to its structure.

In addition, it was noted in the U.S. notification, the conference had in recent years increasingly adopted resolutions condemning particular member states which happened to be the political target of the moment, "in utter disregard of established procedure and machinery."

The organisation itself had become excessively involved in political issues quite beyond its competence and mandate, issues which were diverting its attention from the improvement of labour conditions—its basic task.

The ILO, it was concluded, appeared to be turning away from its basic aims and becoming increasingly used for purposes which served the interests neither of the workers nor of nations which were committed to free trade unions and an open political process.

Unfortunately, it seems that the ILO has not mended its ways, although it would be fairer to say that an alliance between the Communist bloc countries and the representatives of many developing countries has, over the past months, ensured a continuation of just those policies to which the U.S. objected.

Withdrawal will be a major setback for the credibility of the ILO. It will further and significantly weaken the lobby of the Western democracies—to the extent that such a lobby can be discerned within the intricate decision-making machinery of ILO. Without the heavy counterweight of the U.S., the organisation may lurch significantly further towards the positions of the Communist countries, and its efforts to improve conditions in the developing world may become politically suspect in some countries.

With a U.S. departure, 25 per cent. of the regular budget disappears—a total of some $20m. annually. This leaves the Soviet Union the biggest contributor to the ILO—more than $10m.—with Japan, West Germany, France and Britain together accounting for some $20m.

AMERICAN NEWS

Fed open-market deals 'forcing up interest rates'

BY STEWART FLEMING

NEW YORK, Nov. 1.

IN SPITE of the mounting controversy about the impact of rising short-term interest rates on the U.S. economy, money market dealers have concluded that the Federal Reserve Board has tightened its monetary policy again and is forcing short-term interest rates higher.

In what have been interpreted on Wall Street as particularly aggressive policy moves, the Fed yesterday withdrew funds from the banking system by selling U.S. Treasury bills on the open market.

The Fed interventions was seen to have special significance because it has occurred in the midst of the U.S. Treasury's latest financing operations. Beginning on Friday of last week and continuing this week, the Treasury is raising $6.5bn. through new security issues.

Normally during a Treasury re-financing, the Federal Reserve makes a special effort to keep monetary policy stable. Upward shifts in interest rates at such a time can involve investors in the new securities in immediate paper losses in the value of their investments. Dealers are already complaining that the Fed moves *have left investors sitting with* losses on the $3.25bn. of three-year notes the Treasury issued on Friday of last week.

To-day, the Treasury is selling a further $2bn. of 10-year notes, and to-morrow $1.25bn. of 30-year bonds.

Commenting on the latest Fed moves, which appear to have led to an increase in at least 6½ per cent. from 6¼ per cent. in the central bank's target rate for federal funds which the reserve banks lend each other, Mr. Alan Lerner, vice-president of money market economics at Bankers Trust, said he believed that the Fed must be responding to further strong growth in the U.S. money supply.

Mr. William Griggs, an economist at Schroder's in New York, said that unless the money supply data to be released later this week showed a very big increase in monetary growth, the Fed's shift of policy in the middle of a Treasury re-funding was "inexcusable."

For the past six months, the U.S. money supply has been growing above its target rate. Although the Fed has made it clear recently that it is anxious to move carefully to try and restrain this growth by forcing up short-term interest rates, Dr. *Arthur Burns, the Fed chairman,* has made it clear that the Fed "has no intention of letting the money supply grow at a rate that will add fuel to the fires of inflation."

On the rationale of the Fed moves to force up short-term interest rates, Mr. Lerner suggests that in addition to the continued strong money supply growth, the Fed may well be responding to economic indicators which suggest that the U.S. economy is stronger than many economists believe.

Mr. Lerner said that he expects the latest figures for retail sales and industrial production will be strong, that unemployment figures for October will be down, but that the U.S. wholesale price index for October could show a double digit rise.

The Carter Administration has been particularly concerned about what it fears may be a weakening in the economy, and has warned that rising interest rates could threaten growth.

There is an intense debate about what impact of the Fed's monetary policy in the face of the uncertain economic outlook. Mr. Charles Schultze, chairman of the President's council of economic advisers, has argued that the recent faster *growth of the U.S. money supply* is needed to sustain the economy.

Pentagon defends Cruise missile

BY OUR OWN CORRESPONDENT

WASHINGTON, Nov. 1.

THE SOVIET UNION would need to invest an estimated $50bn. in a crash programme to improve its air defences to make them able to defend against the American Cruise missile, according to the U.S. Defence Department.

Even if this were done, the Pentagon maintains, it would take until 1985 for such defences to be effective, during which time further development of the Cruise missile was expected to *make it still more difficult to* detect on radar screens.

These are the principal administration arguments that are being advanced to rebut the recent allegations that the Cruise missile—the small pilotless drone aircraft that has emerged as an integral part of U.S. strategic posture—may not be as effective as it was cracked up to be.

More generally, the background briefings that the Pentagon is now indulging in with remarkable frequency may be seen as part of the administration's attempt to counter growing Congressional opposition to a new strategic arms agreement with the Soviet Union.

This opposition retains its profound misgivings about President Carter's decision to cancel the B-1 bomber project.

The Pentagon has acknowledged that tests on the Cruise's vulnerability were conducted this summer, after the cancellation of the B-1 project, and that further tests, pitting the Navy's air launched Cruise against the Navy's F-14 fighter, armed with Phoenix missiles, and the Army's Hawk anti-aircraft missiles, will begin next month and continue until next year.

The hawkish newspaper columnists, Evans and Novak, claimed in an article over the week-end that preliminary tests this summer showed that the Cruise could be shot down by a Hawk missile and that radar equipment installed on the F-15 fighter was able to detect and follow a Cruise in flight. The Cruise's great asset has been said to be the fact that it is almost impossible to detect.

Textile imports charges filed

BY JOHN WYLES

NEW YORK, Nov. 1.

UNIONS in the U.S. textile and clothing industries have joined the swelling ranks of interest groups demanding action by the Federal Government to give relief from the effects of low-priced imports.

The Amalgamated Clothing Workers' Union has filed petitions with the Treasury Department alleging that a number of Governments are subsidising shipments of textiles *and men's and boys' clothing in* violation of U.S. countervailing duty laws.

The Treasury has a year to look into the charges. It could impose penalty duties to counter-act illegal Government help.

U.S. Steel filed a countervailing duties petition against European steelmakers last year and since then it has filed an anti-dumping suit against Japanese companies. The Treasury is still investigating Japanese colour television sets but is requiring importers to post bonds against duties which may later be assessed.

Governments named in the textile petitions are South Korea, Taiwan, India, the Philippines, Brazil, Argentina, Uruguay and Colombia. At a Press conference yesterday, Mr. George Meany, president of the AFL-CIO, said that the effect of the subsidies was to rob American workers of their jobs.

"Free trade to-day is a myth. This is not competition. It is a stacked deck—stacked against the American worker," Mr. Meany said.

The union alleges that the subsidising policies in the eight countries named in the petition include extensive tax exemptions to textile manufacturers, low-cost warehousing and energy, and tax exemptions on imported materials used in producing finished goods for export.

U.S. banks squeeze S. Africa

BY OUR OWN CORRESPONDENT

NEW YORK, Nov. 1.

LEADING U.S. banks are clamping down on businesses in South Africa and, in some cases, withholding loans which might serve the cause of apartheid.

Repressive measures against black organisations recently introduced by the South African Government have helped to focus U.S. attention on U.S. investment there, which amounts to more than $1.6bn. Early this year, 12 U.S. trans-national companies issued a statement of principles, which had the blessing of the Carter Administration, in which they pledged "equal and fair employment practices for all employees."

Last night, Mr. David Rockefeller, chairman of Chase Manhattan Bank, made clear the bank's support for such principles by reaffirming that it was banning loans which "in our judgment, tend to support the Government's apartheid policies or reinforce discriminatory business practices."

Mr. Rockefeller was speaking at an American Jewish Committee dinner, at which he was presented with the committee's human relations award. Discussing "ethics and action," Mr. Rockefeller said that the approach of the bank to loan proposals in South Africa was dictated by a desire to support only productive projects which it was felt would result in social and economic benefits for all South Africans.

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U.S. ENERGY PROGRAMME

Congress still to decide

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Nov. 1.

THE U.S. Senate last night passed its version of the Energy Bill, thus setting the stage for a resolution of President Carter's proposals in a joint committee of both Houses of Congress.

What emerged from the Senate is clearly unacceptable to the President and bears scant resemblance to the bill that was passed in the House in the summer, which the president said he could live with.

But it was clear from the beginning that the key forum would always be the joint committee, which started conferring a fortnight ago, long before the Senate had concluded its prolix *deliberations and displays of* power politics.

Mr. Carter may try an early push, at influencing the committee. The White House said this morning that he was considering a televised address to the nation, perhaps this week, on energy. Additionally, it warned again that Mr. Carter was ready to call off his proposed foreign tour towards the end of the month, if the energy bill were unresolved.

It also said that the president would decide by the end of this week whether or not to call off his planned foreign tour, which is due to begin towards the end of the month.

In hard terms there was little in the Senate process that can have encouraged the administration. The best news was not contained in the bill, but consisted of a floor vote last week when the Senate stated that it probably could accept some form of additional tax on crude oil.

But the bill itself, many observers here believe, was in good measure designed to preserve the negotiating position in the joint committee of Senator Russell Long, chairman of the Senate Finance Committee, a noted authority on taxation and a man who is generally felt to be sympathetic to the arguments of the oil and gas industry.

The Senate version of the bill, which would cost the government $42bn. in tax credits over an eight-year period, bears the stamp of Senator Long and other oil-state legislators. Whereas President Carter's original programme was designed to reduce oil imports by 5.1m. barrels a day by 1985, the Senate bill would probably cut them by no more than 1.5m. b/d. Estimates based on the bill that passed the House suggest savings of between 1.7m. and 2.5m. b/d.

The Senate bill is notable for a variety of tax credits available to corporations, as opposed to consumers, which was the President's plan. Although the extent of these preferences was whittled down to a degree by a coalition of Senate liberals, the bill nonetheless provides a 15 per cent. tax credit to businesses which switch from use of oil and natural gas to coal, over and above the existing ten per cent. investment tax credit. The House bill provided for only an additional ten per cent and placed tighter limits on the sort of conversion equipment that could be used.

The thrust of the Senate bill, with its greater emphasis on tax credits rather than taxes, is designed to encourage greater production of oil and gas to reduce reliance on imports, as opposed to reductions in consumption.

But the heart of the committee deliberations must be the crude oil tax, not only in its size but in the extent to which it is rebated to producers or consumers or both. In repeatedly inveighing against providing the oil and gas industry with windfall profits, Mr. Carter has stuck to the view that the consumer should benefit from such rebates.

But students of congressional tactics believe that Senator Long has successfully introduced so many tax breaks and concessions to industry that, in return for getting the acceptance by the consumers of a crude oil tax the administration will have to horse trade and permit some of these concessions to go through.

NICARAGUA

Pressures on Somoza increase

BY ALAN RIDING

MEXICO CITY, Nov. 1.

A WELL-TIMED offensive by Nicaragua's Left-wing guerillas, who had been pronounced eliminated by the Government, has provoked perhaps the most serious political crisis since the Somoza family took over this backward Central American country 41 years ago. For the first time, General Anastasio Somoza Debayle is under strong attack not only from the Left, but also from liberal and conservative quarters that had previously tolerated him as the only alternative to Communism.

The guerrillas, known as the Sandinist National Liberation Front, have been combatting the Somozas without much success since 1962, and in the past year they have even lost some of their top leaders. But while they have been winning growing popular sympathy, the importance of their latest offensive was its timing.

Since President Carter took office, General Somoza has been nervously watching the erosion of his traditional support in Washington, with his regime *publicly admonished for its disrespect for human rights.*

Equally significant have been the repercussions of the President's heart attack in July. After spending two months at the Miami heart institute, General Somoza is now back in Nicaragua convalescing at his country home of Montelimar, reportedly under doctors' orders to work only three hours a day. The dictator had long taken every important military political and economic decision in the country, and his sudden absence left a power vacuum which different groups in the ruling Liberal Party and the national guard began fighting to fill, with the President's 27-year-old son, Major Anastasio Somoza Portocarrero and his half-brother, General José Somoza, joining the fray.

Broad front

Partly motivated by General Somoza's illness, the guerillas this summer decided to revise their strategy, abandoning their *bid for victory through a "prolonged popular war."* Marxist-style, in favour of establishing a broad front with other opponents of the regime in order to topple it through a more immediate "*popular insurrection*." When they launched their offensive on October 13, with simultaneous attacks at Ocotal in the north and San Carlos in the south, they were immediately supported by previously-silent non-Marxist voices.

Since then, numerous others have joined the call for a national dialogue intended to bring about non-violent political, economic *and social reform.*

The alternative to General Somoza is of course far from clear, and the viability of the opposition will depend enormously on its ability to reach agreement on a basic programme of government. The guerillas are so far being flexible, claiming they merely wish to see free elections held. But conservatives who are opponents of the regime *can hardly be in favour of a* major social revolution, and, even without Somoza, will the 7,500-member national guard be willing to accept a public role for the Sandinist National Liberation *Front?*

What, then, are the immediate options? General Somoza can perhaps hang on indefinitely, under growing political and para-military pressure but benefiting from the divisions within the opposition. He could reassert himself by again declaring martial law, gaoling his critics, taking full control of the Government—and risking a new heart attack. Or he could make major concessions, not least in agreeing to surrender both power and office when his current term ends in 1981.

In all this, the role of the United States will be crucial. During the Nixon and Ford administrations, Washington went overboard in supporting General Somoza, even sending in 600 armed troops to secure his regime after the December 1972 *Managua earthquake.*

Now, however, the Carter administration faces the clearer choice of propping up a shaky dictatorship, of adopting a "hands-off" policy and allowing domestic forces to fight it out, or of actively participating in the public "plot" to replace the Somoza regime with a more democratic and socially-responsible government.

Powerful lobby

Open support for General Somoza would now seem out of the question, even though the dictator has a powerful lobby in Washington—on Capitol Hill and in the Pentagon—working on his behalf. A "hands-off" policy, on the other hand, could result in much-increased violence before any solution is found. It could even encourage the involvement of other central American military regimes, notably those of Guatemala and El Salvador, anxious to help out the Somozas.

Logically, then, the State Department must now for the first time be studying ways of quietly replacing General Somoza—could he not be persuaded to resign on grounds of ill health—and opening the way for free elections. Its policy is still not clear. But having long played a major role in Nicaraguan domestic politics, for Washington not to become involved now would be to shirk its responsibility in one of the areas where its influence is greatest.

WORLD TRADE NEWS

More U.K. shipping trade goes to Soviets

By Ian Hargreaves, Shipping Correspondent

THE gradual inroads being made by Soviet shipping companies into U.K. trade are confirmed by *statistics published yesterday* by the Department of Trade.

They show that although the U.K. fleet retained its share of trade at 32 per cent. of imports by weight and 45 per cent. of exports, the Soviet fleet now ranks eighth as an import carrier into the U.K., with 3.1 per cent. of trade and 13th as an exporter with 1.4 per cent. This means that the Soviet share on both inward and outward trade has more than doubled in two years.

Among other Comecon countries, share of trade going to the Polish and East German fleets has remained fairly steady. Liberia retained its place as the second most important fleet for imports last year, with 17 per cent. of the trade, followed by Norway (9 per cent.) and the *German Federal Republic* (6 per cent.). West Germany and Norway, followed by Greece, were also prinicpal carriers of exports, apart from the U.K. fleet.

Meanwhile, according to figures released yesterday in the annual report of the Shipowners' Mutual Strike Association (Bermuda) Australia is the country most prone to port labour troubles.

The association, which claims to be the biggest strike insurance club in the world, says that *industrial disputes in Australia* accounted for over 78 per cent. of claims last year. There were 61 major disputes in all, compared with 17 in the U.K.

China boosts export output

CANTON, Nov. 1.

CHINA is preparing more goods for export and promoting trade with other countries, said Mr Chia Shin, Vice Minister of *Foreign Trade. He was speaking* in his capacity as deputy director of the Canton Trade Fair recently.

Asked how China intended to pay for its imports, Mr. Chia said "*We solve that problem through* the development of production and export. We keep a balance in our foreign trade. China is a country with neither internal nor external debts. As before, we *will not accept foreign loans or* incur external debts.

"On the other hand, we will continue to use deferred payments, mutual-deposits in banks and other practices customary in foreign trade and international finance," he said.

Agencies.

Iveco push into U.S. market

Iveco, the Fiat-controlled industrial vehicles group, is to set up its own sales network in the North American market for the marketing of diesel trucks, Sig. Umberto Agnelli, Iveco chairman, said in Turin, Paul Betts writes.

Pilkington deal

East Germany has bought a licence from Pilkington Glass to produce float glass at a factory re-equipped in Torgau, writes Leslie Collitt from East Berlin. *The deal is estimated by British* commercial officials to be worth some £5m as royalties accrue to Pilkington over the next 10 years.

Siemens $39m. deal

Siemens AG of West Germany has been awarded a contract to supply about $39m worth of telephone equipment to the Argentine state-owned telephone utility Empresa Nacional de Telecommunicaciones (Entel), the state body said, Reuter reports from Buenos Aires.

U.K. exports up

British exports to Switzerland have risen by almost one-third over comparable 1976 values so far this year, writes John Wicks in Zurich. In the first three quarters of 1977, U.K. visibles exports to the Swiss market totalled Sw.Frs.2.37bn., or 32.3 per cent. more than for th esame nine months of last year. At the same time, Swiss deliveries to the United Kingdom went up by 10.8 per cent. to Sw.Frs.1.73bn. Switzerland's trade with the U.K. accounted in the January-September period of this year for 7.4 per cent. of all national imports and 5.6 per cent. of the overall export value.

Britain takes harder line on Japanese investment

BY CHARLES SMITH

TOKYO, Nov. 1.

BRITAIN WANTS "mutually beneficial" Japanese industrial investment and has reason to think its efforts to attract such investment will bear fruit before very long, Mr. John Morris, Secretary of State for Wales, said here to-day.

Mr. Morris is in Tokyo to state the case for the U.K. as an investment site for Japan (not just Wales, but other regions as well) and to introduce seminars on this theme in Tokyo and Osaka.

The reference to "mutual benefit" in to-day's remarks by Mr. Morris is apparently meant *to discourage Japanese* companies which might be interested in establishing mainly assembly ventures in the U.K. which would provide little added value and displace existing jobs.

None of the existing eight Japanese industrial investments in the U.K. are apparently thought to fall into this category.

Indeed Mr. Morris and Department of Industry officials travelling with him have gone out of their way to stress the high ratio of domestic content in products being produced by existing Japanese investors in Britain.

The Minister chose his words carefully when *answering questions* about the proposed Hitachi investment in a colour television plant—declining to rule out altogether the possibility that the Government might eventually reject the project.

The next stage as far as Hitachi was concerned, said Mr. Morris, would be talks with the companies' opposite numbers in *the U.K. TV industry.* These would be designed to produce a consensus on the terms of Hitachis entry (a seemingly rather difficult goal given the wide differences of view between *the two sides*).

His meetings have included a series of sessions with bank and trading companies (who Mr. Morris identified to-day as playing the key role in the Japanese business-making process). On meetings with individual potential investors, the Minister declined to give details but these also figure in his schedule including a session with Canon, one of Japan's top camera manufacturers, next week.

Mr. Morris is the first British Minister to come to Japan on an investment promotion mission since Mr. Christopher Chataway made *a similar trip in winter* 1973. The reason for the long gap between the two visits had nothing to do with political issues, Mr. Morris stressed, and did not mean that the Labour Government had been lukewarm towards foreign investment.

On the other hand the Government was more aware than previously that foreign investment could be a weapon for tackling unemployment—the *only aspect* of Britain's economic performance which "we are still failing to get right."

Japan Motor Exports, Page 18

U.S. seeks end to trade curbs

WASHINGTON, Nov. 1.

THE U.S. to-day appealed to 90 nations to reduce or eliminate trade barriers on some 1,000 products from grains to cars in advance of the most extensive international trade talks since the Kennedy Administration.

Mr. Robert Strauss, the Special Ambassador for Trade Negotiations, said the U.S. position was formally filed in a petition to the secretariat of the General Agreement on Tariffs and Trade in Geneva. Mr. Strauss and officials at the White House Trade Office declined to be specific about all the products and anti-protection demands made of U.S. trading partners, but they said most are agricultural.

UPI

David Egli adds from Geneva: The Tokyo round of multilateral trade negotiations met its first firm deadline to-day with the tabling of requests in two highly sensitive areas of the negotiations—agriculture and non-tariff measures. The *November 1 deadline was agreed* in discussions in Brussels last July between the European Commission and the American special trade representative, Mr. Robert Strauss. This was seen *as a breakthrough in the long* drawn out talks.

The three largest trading partners, the European Community, the United States and Japan, all tabled requests to-day. *Most of the other participants* are expected to do likewise within a very short time. It has been agreed that the lists of requests may be changed or added to as the negotiations proceed.

Progress on agriculture and in non-tariff measures is considered to be critical within the overall framework of the Tokyo Round, particularly in the light of the very limited progress made in these areas in previous negotiations. Intensive bilateral discussions between the trading *groups will further refine these* requests, which will be matched by specific offers on next January 15.

● U.S. Treasury Secretary Mr. Michael Blumenthal said non-tariff trade protection measures threaten to proliferate into a maze of administrative protectionism. He told the West Berlin Chamber of Industry and Commerce, "it is time we did something about this problem." Mr. Blumenthal, who arrived from Rome on a 22-hour visit, called for new international codes on such non-tariff barriers as import quotas, export subsidies, customs regulations and import standards.

Reuter

Commodity Fund delay likely

BY DAVID HOUSEGO

DEVELOPING and industrialised nations now seem unlikely to achieve agreement on the shape of the proposed Common Fund to stabilise commodity prices by the end of this month as had been their goal. Among western delegations and the UNCTAD talks which start in Geneva on Monday, the hope is to avoid a showdown by reaching sufficient consensus to enable the talks to resume early next year.

Preparatory discussions within the two groups have shown that there remains a wide gulf between their negotiating positions. The West is rejecting outright the proposal put forward by developing countries for a $6bn. government financed fund, as involving importing countries in potentially open-ended liabilities.

Its own scheme, as drafted last week within the framework of the OECD, is for a buffer stock facility financed by individual commodity organisations *and able to borrow from the com*mercial markets on the strength of government guarantees. This is seen as inadequate by producer nations who have pressed their own more far reaching model as a cornerstone of revising the existing world economic order.

Under the West's draft scheme, individual commodity organisations would deposit with the Common Fund 75 per cent. of the financial resources required to stabilise prices within the limits negotiated by member producer and consumer governments. In return, participating commodity organisations would have a guaranteed drawing right on the fund beyond their deposits of up to 25 per cent. of their maximum financial requirements.

The draft, essentially a compromise between the EEC and the United States, is to be finalised during further meetings later this week. The two major issues to be resolved are whether to hold firm to the 75-25 deposit/credit ratio, and the exact nature of the guarantees to be provided to enable commercial borrowing.

The U.S. is opposed to *guarantees being provided by* member governments of the fund on the grounds that this could make it responsible for obligations run up by commodity agreements in which it is not involved. It is demanding that the guarantees should come indirectly from participating members of the commodity agreements.

Under this scheme, the common fund would in effect be a co-ordinating agency for a limited number of commodity agreements. Potential candidates would be tin, cocoa, rubber, sugar and coffee—but it is recognised that the list is likely to be small.

The West clearly hopes that the package will prove sufficiently attractive to enough producers in the long run to make them abandon some of the wider ambitions of a "central source," *common fund. At the moment* it is holding out against associating with the common fund such "other measures" as help with product diversification, marketing and storage, that would be *of most advantage to the least* developed.

The argument is that these activities are already covered by international agencies such as the World Bank.

*At the heart of the indus*trialised nations' model is that each commodity agreement must be autonomous and economically viable. The West does not envisage the fund as more than *a banking facility. It would not* have the power to intervene in market operations.

THE U.S. Senate Foreign Relations Committee yesterday approved a Bill authorising U.S. participation in an international fund to help less developed countries cope with balance of payments problems caused by high oil prices, Reuter reports from Washington. The 13 participants in the $10bn. fund, known as the Witteveen facility after the executive director of the International Monetary Fund, include petroleum - exporting countries and industrialised nations. The U.S. contribution would be $1.7bn.

Geddes urges TUC-CBI talks

FINANCIAL TIMES REPORTER

BRITISH industrialists and the TUC should have regular joint meetings at the Foreign Office aimed at furthering Britain's overseas trade, Sir Reay Geddes, chairman of Dunlop Holdings, suggested in London last night.

He made the call during his address to the annual dinner of the British National Committee (BNC) of the International Chamber of Commerce. The dinner, attended by Dr David Owen, *the Foreign Secretary, was the* closing event of a Café Royal London conference on the role of European business in world development.

"British missions abroad are always helpful and steadily stronger in economic work. Their skill, enthusiasm and high morale are a real British commercial asset," said Sir Reay, who is also the BNC's chairman.

Pointing out that at home, British businessmen also had *good working relations with* Government departments, he added that Dr. Owen had already promised to continue periodic informal meetings with CBI-BNC representatives to review new and existing international issues, as was his practice with the TUC.

However, Sir Reay wondered whether it might be useful for both sides of industry to be present at such meetings together.

Difficult time for Hong Kong economy

BY PHILIP BOWRING IN HONG KONG

HONG KONG'S economy is looking somewhat fragile, according to latest employment and trade figures, despite an apparent good growth rate in GDP. In the year to end June, employment in textiles and garments fell by 15,000, a loss vastly greater relative to population than anything suffered by the European Community countries. Moreover, a considerable amount of work in garments is done as outwork by households and does not figure in official statistics.

Meanwhile, trade figures for September showed that exports of locally manufactured goods declined for the second month in a row. Normally, for seasonal reasons, September is a good month. This year, exports at HK$2.98bn were not only 10 per cent. lower than August, and 12 per cent. below July, but also 2.5 per cent. behind the level of a year ago.

For the nine months of 1977, exports have risen 6.9 per cent. over the same period of 1976. The last quarter of 1976 was strong and it will be surprising if Hong Kong even meets the 8 per cent. overall export growth forecast by the Financial Secretary in September, which would leave it well short of the 12 per cent. envisaged earlier in the year.

Textiles are the main problem area, particularly in the EEC. The market there is weak and also manufacturers and traders are holding back from new commitments while they wait for the 1978 quota situation to be clarified.

It is suspected here that one reason for the EEC's delay in starting negotiations was the disruption to imports which results from uncertainty about the ground rules.

The outlook for the next few months also appears discouraging. Despite falling exports, the past two months have seen trade surpluses, clearly indicating weak demand for imports of raw and intermediate materials which go into future exports. With consumer demand buoyant, normally a substantial trade deficit would have been expected.

Unemployment is quite low, demand for labour is high, and wages still tend to move upwards. However, the situation is artificial and precarious. Almost all of this year's GDP growth will come from one sector, construction. It is now expected to expand by 30 per cent. this year as a result of a combination of a sharp revival in private development spending, following last year's recovery from recession, a *delayed surge in Government* public works spending, and extensive work on the mass transit railway.

At the same time, the surge is creating additional import *demand which will have an im*pact on the money supply or exchange rate, or both. Also, by creating heavy demand for labour it is tending to make some export industries uncompetitive. Thus many feel that the current buoyancy is more of a liability than anything else and considerable employment problems could arise if export industries have to shed more labour because of restrictions in the EEC and elsewhere.

It is notable that the Hong Kong dollar, traditionally a strong currency, has been very weak recently, declining even against the U.S. dollar. Against a trade weighted average of currencies it has lost more than three per cent. in the space of six weeks.

This provides some relief to industries which have been finding it hard to compete, but it is a somewhat belated reflection of the poor trade outlook.

The stock market also has been weak, and revival is unlikely until there is some brightening in the world trade picture, or a better-than-expected deal with the EEC.

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OVERSEAS NEWS

PLO closes ranks to oppose American plan

BY RICHARD JOHNS, MIDDLE EAST EDITOR

ANOTHER NOTE in the growing chorus of Arab disillusionment over the U.S. peace initiative for the Middle East was struck yesterday by Mr. Zuhair Mohsin, leader of Saiqa, the Syrian-sponsored Palestinian group and head of the PLO's military department.

In a statement issued to Beirut newspapers, he called for a pan-Arab vote against the U.S. and a general mobilisation to confront Israel militarily. Mr. Mohsen asserted: "Arabs must stop giving free-for-charge concessions, gambling only on U.S. intentions."

Saiqa's boss invariably reflects the thinking of President Hafez Assad, though his pronouncements are very much less authoritative. The fact that the Syrian leader has not yet ruled out the possibility of a Geneva conference reflects the seriousness with which he is considering American proposals.

Nevertheless, the timing of the Mohsen statement is significant in two respects. It coincides with the agreement of the PLO to call for a meeting of the foreign ministers of Egypt, Syria and Jordan, together with representatives of the organisation to discuss whether the Arabs can contemplate negotiations on the terms now on offer and also the increasing pessimism shown by Mr. Sadat.

Within the PLO, divisions among the main "non-rejectionist" groups—Al Fatah, Saiqa and the Democratic Front—appear to be resolved at least temporarily after publication of the main details of the U.S.-Israeli working paper on the Geneva conference which eliminated from a previous draft the need for PLO participation in negotiations.

Mr. Yassir Arafat, chairman of the PLO and leader of Al Fatah, has been under heavy pressure from Egypt and Saudi Arabia to go along with the U.S. initiative even though its parameters have narrowed to exclude minimal Palestinian demands and those endorsed by the Arab summit conference of 1974 designating the organisation as the sole representative of the Palestinian people.

His apparent inclination to compromise inevitably caused concern among Al Fatah elements as well as Saiqa and the Democratic Front, led by Mr. Nayef Hawatmeh, which both, however, derived comfort from the joint U.S.-Soviet statement on the Middle East.

Divisions within the ranks of the PLO now appear to have closed. It gave notice on Sunday that a strong communique would be issued simultaneously in Cairo and Beirut, apparently condemning U.S. policy.

It seems that Egypt persuaded the PLO to withhold the statement until the return of President Sadat from Romania, where he has been holding talks with President Ceausescu. The text agreed to, however, almost certainly follows the line of the Saiqa statement released yesterday.

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Gaddafy may pay visit to Cairo

BY ROGER MATTHEWS

CAIRO, Nov. 1.

CONFIRMATION of the recent improvements in the seesaw relationship between Egypt and Libya may come shortly with an official visit to Cairo by Col. Gaddafy, the Libyan leader. The weekly newspaper of the ruling party in Egypt reported to-day that Col. Gaddafy had asked to come to Cairo and "Egyptian doors are always open in welcome for any Arab visitor."

This is a far cry from the bitter abuse traded by President Sadat of Egypt and Col. Gaddafy only three months ago when fighting flared on the border between the two countries. Relations had deteriorated steadily since the October 1973 Middle East war when President Sadat attacked Israeli forces across the Suez Canal without giving Col. Gaddafy any prior notification.

But with Arab unity very much in President Sadat's mind as negotiations continue in an effort to reconvene the Geneva peace talks, the time is probably ripe for past differences to be at least temporarily buried. Apart from the political bonus of a reconciliation it would also be useful for Egypt to demonstrate that the Libyan armed forces were again available in any future Middle East conflict.

However, some sources here doubted whether Col. Gaddafy was yet ready to make such a dramatic gesture towards President Sadat and might prefer a low-key meeting of Foreign Ministers before committing himself.

Meanwhile, the Palestine Liberation Organisation is seeking an early meeting of the conflict states—Egypt, Syria and Jordan—with its own leadership to agree on a common platform before the November 12 meeting of Arab Foreign Ministers in Tunis. The Tunis talks are likely to have an important bearing on the final Arab stance on Geneva and the minimum conditions that may be acceptable for negotiations with the Israelis.

President Sadat was holding talks in Iran to-day and was going on from there to Saudi Arabia for talks with King Khaled—a meeting that stresses the importance of the Washington, Riyadh, Cairo link, which some observers regard as the single most vital factor in current Middle East politics.

UPI adds from Tehran: President Sadat delayed his departure from Iran to attend a tripartite summit with visiting Sheikh Zayed of the United Arab Emirates and the Shah of Iran, a diplomatic official said.

● Britain has abandoned efforts to send the nuclear-powered submarine Dreadnought through the Suez Canal after Egypt failed to grant permission, the Foreign Office said to-day. "When it became clear that the Egyptian authorities were not yet ready to authorise Dreadnought's passage, our notification was withdrawn and she sailed elsewhere," a spokesman said. He refused to confirm where the submarine had gone. But other Government sources said she would travel to the Indian Ocean around the Cape of Good Hope.

Ethiopia in Ogaden offensive

By James Buxton

SOMALI forces are facing the stiffest fighting they have met so far from Ethiopian troops counter-attacking in the 14-week Ogaden war, according to a field commander of the Western Somalia Liberation Front. Fighting is now concentrated in the mountains between the strategic towns of Jijiga and Harar at the north of the region.

The commander, named Jama Hassan, told a UPI correspondent who visited the Somali-held Marda Pass and the town of Jijiga that the Ethiopian armed forces have deployed newly acquired sophisticated Soviet weaponry in the battle. He claimed that Ethiopia was using specialists from Cuba and South Yemen to operate the equipment.

The Ethiopians are reported to be using Soviet T55 tanks, long range 155 mm artillery and truck-mounted rocket artillery. Jama Hassan said that Cubans had been spotted but none had been captured.

The Ethiopian air force, using Soviet MIG aircraft in addition to American F5s, has command of the air, the UPI correspondent reports, but recent heavy rains have prevented it from flying. But according to Jama Hassan the rains were also delaying the flow of supplies along the unsurfaced road from the Somali border.

There have been few reports of fighting from the Ogaden war since Somali forces established their hold on Jijiga and the Marda Pass behind it by September 14. Their next main target is the walled city of Harar, 70 miles to the west.

The capture of both towns is considered crucial to the Somali forces maintaining a hold on the Ogaden, which they took in July and early August.

According to the WSLF commander, the Somali forces have taken the eastern half of the town of Babile, which is about 20 miles from Harar. While conceding that the Ethiopians have a material advantage over his forces, Jama Hassan said he was confident that his troops would capture Harar.

Fresh UN talks on S. Africa

BY OUR OWN CORRESPONDENT

UNITED NATIONS, Nov. 1.

ALL 15 members of the Security Council conferred behind closed doors to-day in a new attempt to reconcile their differences on how to deal with the South Africa problem, after yesterday's unprecedented, three triple Western vetoes of African demands for tough sanctions.

The fresh round of talks focused on a draft resolution tabled last night by Canada and West Germany. This is designed to apply punitive action, specifically a mandatory embargo on arms shipments to South Africa, as a supplement to the single African resolution adopted.

By unanimous vote, members demanded that South Africa should lift the October 19 ban of organisations and news media that oppose apartheid, and release all political prisoners and detainees. This successful resolution, sponsored by Benin, Libya and Mauritius, also strongly condemned South Africa for its "resort to massive violence and repression" against the black majority and other opponents of apartheid.

After the defeat of the same African trio's proposals for a mandatory arms boycott, including the revocation of licences under which South Africa manufactures its own weapons, and an end to foreign investment in the country, India tried unsuccessfully to salvage something from the wreckage.

The Indian delegate, Mr. Rikhi Jaipal, who was counsel president for October, proposed that the council should declare that the policies and acts of the South African Government "are fraught with danger to international peace and security" and that, under the mandatory provisions of chapter VII of the UN Charter, all states be directed to impose a total arms embargo. During the preceding debate, Britain, the U.S., France, West Germany and Canada, the council's Western members, "all declared support for a mandatory arms ban. But the proposals on which they agreed privately last week—though not submitted formally as a resolution—would have imposed the boycott only for six months and based it on a determination by the council that South Africa's acquisition of arms, not the general situation in the country, poses a threat to the peace.

The new Canadian-West German resolution contains the same proposed determination, and the Third World members consider this inadequate. It also omits any ban on nuclear co-operation with South Africa, which the Third World also deems imperative. This was one of the elements that caused their own proposals to be vetoed.

It is probable, therefore, that several days of negotiations will be needed before the council can hope to be anywhere near a compromise on the sharply conflicting viewpoints. Mr. Mansur Kikhia, the chief delegate of Libya and one of the more militant African members, assumed the council presidency to-day under the rotation system, and he will direct the bargaining sessions.

Chand makes surprise visit to Mozambique

DAR ES SALAAM, Nov. 1.

GENERAL PREM CHAND, the United Nations special representative for Rhodesia, left to-day on a surprise visit to Mozambique for talks with President Somora Machel.

General Chand is on a tour of southern Africa with Field Marshal Lord Carver, British Resident Commissioner-designate for Rhodesia, during which they hope to discuss the military side of the Anglo-American proposals for transferring power to black majority rule.

A British spokesman said General Chand and a party of advisers had left for Maputo in a private aircraft. They would rejoin Lord Carver and his team in Salisbury to-morrow.

Most of the nationalist guerillas fighting in Rhodesia use Mozambique as a transit and supply base. General Chand is expected to raise the question of a possible ceasefire in the bush war during his talks in Maputo.

Mozambique was not on the original itinerary for the Carver-Chand mission, which is also going to Zambia.

Meanwhile, Lord Carver briefed the Tanzanian Foreign Minister, Mr. Benjamin Mkapa, on his abbreviated talks yesterday with nationalist leaders.

Mr. Joshua Nkomo and Mr. Robert Mugabe, joint leaders of the Patriotic Front alliance, refused to accept the all-powerful role envisaged for Lord Carver in taking Rhodesia to majority rule and talks planned to last two days ended in just more than an hour.

The two sides agreed to meet later but no date has been fixed. Reuter.

Pakistan investment policy change

ISLAMABAD, Nov. 1.

PAKISTAN has opened up a number of state-controlled industrial sectors to foreign and domestic private investors in a move that represents a major shift from the policies of the former Prime Minister, Mr. Zulfikar Ali Bhutto, according to Press reports to-day.

In particular, the Government pledged that it will not nationalise any enterprises utilising investment from abroad. The latest action is part of a large-scale effort to boost industrial production, which had been sagging since Mr. Bhutto nationalised a number of major sectors including heavy engineering, chemicals, iron and steel, electrical goods, automobiles and commercial vehicles, fertiliser, petroleum, cooking oil, banking, and some agro-based units.

Laos calls off overflight discussions

By Richard Nations

BANGKOK, Nov. 1.

LAOS has postponed the overflight talks with Thailand and Vietnam, due to begin in Vientiane to-day. These talks have long been considered the weather vane of diplomatic relations between Thailand and its Communist neighbours.

Diplomatic observers here considered the move a protest at Bangkok's continued partial embargo on landlocked Laos's petroleum imports.

On September 24, soon after reports of the delivery of 20 Russian MiGs to Vientiane, Thai customs refused permits for Vientiane-bound petrol imports to cross the Mekong.

The day before the October 20 Thai military coup, 1m. litres—a week's supply—of petroleum products were allowed to cross, but since then no other permits have been issued.

Yesterday the Laotian charge d'affaires in Bangkok received assurances from the Thai Foreign Ministry that the new regime was sincere in its promise to improve relations with Indo-China.

Diplomatic observers feel that once the new government is announced—probably early next week—Thailand will turn its attention to ironing out the problems on the Laotian border.

Japanese shipyards losing orders

TOKYO, Nov. 1.

ORDERS taken by Japan's 35 major shipyards during the first half of the fiscal year ended September 30 fell to 208 ships totalling 3.05m. gross tons on construction approval basis from 288 ships and 3.76m. tons in the same 1976 period, the Transport Ministry said.

The total comprised 57 ships (628,000 tons) from domestic owners and 151 ships (2.42m. tons) from overseas.

ON OTHER PAGES

THE ROAD TO GENEVA

Seeking an acceptable Palestinian presence

BY DAVID LENNON IN TEL AVIV

ISRAEL'S AGREEMENT to the participation of Palestinians from the West Bank and the Gaza Strip at the Geneva Conference has started a debate about who the delegates should be.

Mr. Moshe Dayan, the Foreign Minister, has stated that Israel would not accept any delegate who declared himself a representative of the Palestine Liberation Organisation. But no leader on the West Bank or Gaza Strip could go to Geneva without the approval of the PLO and still retain his following.

Nevertheless, although the positions seem mutually contradictory there may be more flexibility in the situation than might appear at first sight. Israeli officials say that Mr. Dayan's position does not rule out sympathisers of the PLO as long as they are not declared representatives of the organisation. The PLO could aprove delegates not known for their closeness to the organisation because it knows that its strength in the occupied territories is such that no one will act contrary to the wishes of the PLO.

In the past few months a number of people on the West Bank tried to create an alternative leadership to the PLO. But they failed to win any widespread support despite or perhaps because of the quiet encouragement from Israel. To-day, they are possibly the only people who can definitely be ruled out as serious contenders for seats at Geneva.

The residents of the occupied territories hold a wide variety of political views, ranging from the staunch supporters of King Hussein of Jordan, to the ardent nationalists who are totally committed to the PLO. In between are the bulk of the population which is willing to make compromises, but would not agree to any steps of which the PLO disapproved.

The one point on which there is total concensus is that they all want the Israelis out. Ten years of occupation has made them more independent minded and it would be hard to find a substantial number of West Bankers who want a return to the situation before the 1967 war.

Most would like to see the creation of an independent Palestine, which would then choose the nature of its ties with its neighbours. This hardly coincides with the future which Israel envisages for them.

But this is an issue that will have to wait. The problem today is to find delegates who will be acceptable to both Israel and the Arabs. Given the universal desire to end the occupation and the widespread support for the PLO, choosing the men to represent the West Bankers and the Gazans at Geneva becomes a delicate exercise.

The most logical course would be for the mayors of the major towns to be selected as delegates. But not all of them would agree to go, not all of them would be acceptable to Israel, and some may not meet with PLO approval.

Assuming that the Americans can devise a formula whereby the PLO would quietly approve the candidates, and Israel could accept them without having to acknowledge that they have PLO approval, who are the candidates for the delegation?

The two most radical West Bank mayors are Mr. Bassam Shaka'a of Nablus and Mr. Karim Khalaf of Ramallah. They are both outspoken supporters of the PLO. Both of them have said they will not go to Geneva, even if asked to by the PLO.

Mr. Khalaf has said that if Mr. Yasser Arafat, Chairman of the PLO asks him to attend the peace talks he will reply that only Mr. Arafat can represent the PLO. Mr. Shaka'a explained that he did not believe that any mayor can represent the Palestinians at Geneva because they live under occupation.

Despite the Nablus mayor's hint at possible Israeli duress, and the Ramallah mayor's declaration that only Mr. Arafat can represent the PLO, it is quite possible that both men might be persuaded to change their minds. However, it is doubtful whether Israel would be prepared to sit with either of these young radicals.

Israel would prefer to deal with mayors known for their pro-Jordanian positions. Until very recently the Mayor of Hebron, Mr. Fahd Kwasmeh, would not have fitted into that category. He is a newcomer to politics, elected in April last year when the PLO supporters swept to victory in all but one West Bank town.

However, recently he has been mending his bridges with Jordan, and is suspected by some PLO supporters of having moved away from their camp. But there is a question mark over whether he has indeed moved far enough to make him acceptable to Israel and it is very doubtful if he would go without PLO approval.

The one exception to the PLO victory in the West Bank municipal elections 18 months ago was the Mayor of Bethlehem, Mr. Elias Freij. Though identified as pro-Hussein, Mr. Freij is viewed in some circles as a pragmatist whose main concerns are the prosperity of his town, and getting the Israelis out. He might well be acceptable to the Israelis who know that he is definitely not a PLO supporter.

Another man who would possibly be acceptable to Israel is the Mayor of Tulkarm, Mr. Hilmi Hanoun. He is the veteran among the mayors, having first been elected in the early 1960s, he is known to be a supporter of the PLO, but military government officers who have had dealings with him describe Mr. Hanoun as a realist who knows when to accept the inevitable. He is regarded as an able politician, and a skilled negotiator.

The Mayor of Gaza, Mr. Rashad Shawa, is the pillar of the pro-Jordanian camp in the Gaza Strip. He is a successful businessman with strong commercial and political ties with the supporters of Jordan in the West Bank, particularly East Jerusalem. He too has proved a resourceful and knowledgeable negotiator in his dealings with the military government.

The PLO owes a debt to Mr. Shawa, because he once hid one of their fighters in his house and did not turn him over to the Israelis. This might make him acceptable to the PLO, as well as the pro-Jordanian camp, and the Israelis.

In addition to the mayors, there are a number of other prominent West Bankers who might come up for consideration. The most obvious of these are Mr. Anwar Nusseibeh, a former Jordanian Defence Minister and ambassador in London, and Mr. Anwar El Hatib who was Governor of Jerusalem under Jordanian rule. Both these men are closely linked politically with Jordan, and it is doubtful if either of them would be acceptable to the younger radicals or the PLO.

However, both of them, especially Mr. Nusseibeh, are seasoned diplomats, and would add negotiating strength to any Palestinian delegation. Israel would find it hard to object to their presence at Geneva. Two other men whose names come up are Mr. Hikmat El Masri, a former chairman of the Jordanian parliament, and his cousin, Mr. Hiaj Mazuz El Masri, a former Mayor of Nablus. Both these men are highly respected in most camps but neither of them is likely to act against the wishes of the PLO.

Mr. Hikmat El Masri is the Rector of the El Najah College which he is hoping to turn into the first West Bank university. He has met a number of times with both President Sadat and PL officials to discuss this topic, but undoubtedly also discussed the political future of the West Bank with them.

His Cousin, Mr. Hiaj Mazuz El Masri is listened to in Amman where he is considered unreceptive to blandishments. But he is not very interested in politics and refused to stand for re-election as mayor, though assured of victory.

One of the major problems about selecting delegates is that few of the mayors are of the required calibre to step on to the tough negotiating platform at Geneva.

A UN relief organisation has had to cut its flour rations to more than 800,000 Palestinian refugees because of a major budget deficit, Reuter quotes an agency official as saying yesterday. Mr. Robert Prevot, local director of the UN Relief and Works Agency for Palestinian Refugees (UNRWA), said other services might also be affected unless the cash shortage was resolved soon.

HOME NEWS

Occidental to expand Flotta terminal

BY RAY DAFTER, ENERGY CORRESPONDENT

THE OCCIDENTAL oil consortium is to expand its North Sea terminal at Flotta in the Orkney Islands as part of a $150m. (about £81m.) gas handling plan.

Orkney Islands Council has has given outline planning permission for four new projects at Occidental's £121m. Flotta terminal.

The work will entail construction of a processing plant to cool and store natural gas; a further flare to be installed for back-up safety reasons; an ethane storage tank and an extra fire precaution plant.

The work arises from recent Government permission to Occidental covering higher oil and gas production from the group's Piper Feld.

The group sought permission to raise the field's peak output from 250,000 barrels a day to between 300,000 and 350,000.

In return, they agreed to collect the associated gas — now being flared — and to pipe it ashore via the Frigg gas pipeline.

The $150m. to be spent on gas handling includes a 35-mile spur pipeline between Piper and the Frigg pipeline intermediate platform as well as additional equipment on the Piper platform.

The Occidental group, which is also developing the nearby Claymore field due on stream shortly, comprises Occidental (36.5 per cent.): Getty (23.5 per cent.): Allied Chemical (20 per cent.): and Thomson Scottish (20 per cent.).

● The Government and British National Oil Corporation have agreed full State participation terms with Texaco, one of the most active companies in the North Sea.

The agreement which follows more than nine months of intensive negotiation, gives Texaco the right to buy back up to 100 per cent. of any North Sea oil it sells to BNOC.

As is the case with all participation pacts, Texaco is expected to give BNOC an option to buy 51 per cent. of any oil it produces.

But because Texaco has U.K. refinery capacity, the Government has relaxed its ruling to provide the company with a measure of feedstock security.

Slow rise of house prices continued in third quarter

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

HOUSE PRICES have continued to rise only slowly, according to Department of the Environment figures released yesterday.

The statistics, produced in co-operation with the building societies, suggest that average prices rose 3 per cent. in the third quarter of the year, confirming the sluggish trend established in the first half. Prices were about 5½ per cent. higher in the third quarter than they had been a year earlier.

The figures represent the most up-to-date official information on house prices, but the experience of the building societies shows that the situation has not changed dramatically. House prices rose on average 10 per cent. last year. A similar figure is expected this year.

The Nationwide Building Society reported earlier this month that prices of new and second-hand homes had risen an average 2 per cent. between July and the end of September.

The stable picture has surprised many observers—not least the building societies, some of which were saying earlier this year an increase of 15 per cent. or more looked likely.

Tight control of incomes throughout the period, an adequate supply of new homes, and the cost of moving and maintaining homes, have combined to dampen down the market.

There is a fairly widespread expectation that prices of most homes next year will begin to rise more significantly. The mortgage rate down to its lowest point for four years—with the prospect of yet another cut in the coming months—and house prices are back to the same long-term relationship with incomes which existed before the last boom in 1972, so a more active housing market on the price front is expected.

Any major burst of house price inflation still seems out of the question, however, particularly as the building societies and the Government would act to stop it by controlling funds.

A rate of increase broadly in line with the growth in incomes is being predicted, so much will depend on the Government's success in this direction.

Yesterday's figures show that the average price of a home on which a new mortgage was approved in the third quarter was £14,120. The figure for new houses was just under £15,000, representing a rise of 3½ per cent. over the previous quarter and of nearly 10 per cent. on a year before. For second-hand homes the average price was just under £14,000, an increase of 3 per cent. on the preceding three months and 5 per cent. up on July-September last year.

Threat to SD14 cargo ship orders

By Ian Hargreaves, Shipping Correspondent

AUSTIN AND PICKERSGILL, the North Eastern shipbuilders responsible for the highly successful SD14 cargo ship, is being asked to extend length of credit on a number of orders and could face cancellations.

This development realises the worst fears of the U.K. shipbuilding industry about the depression in world dry cargo markets.

Austin and Pickersgill has the longest order book of all the British shipbuilders yards, with orders for more than 20 SD14s providing work until mid 1979.

But this year, the company has failed to land a single order and according to Mr. Derek Kimber, chairman, is not likely to do so in the next two months unless credit restrictions on shipbuilding deals with the developing world are relaxed.

Mr. Kimber said yesterday that he hoped that the two requests for renegotiation of financing terms for SD14s could be met, but this did not alter the fact that the yard was facing intransigent difficulties in extending its order book.

Inquiries

Britain's adherence to OECD credit guidelines of 70 per cent. credit repayable at 7½ per cent. over seven years was folly, he said, when other European shipbuilders were using foreign aid packages to offer 100 per cent. credit spread over 25 to 30 years. Interest rates on offer were as low as 2 per cent.

If Austin and Pickersgill was free to offer 95 to 100 per cent. credit over 12 to 15 years, Mr. Kimber believes he could take about 10 orders for SD14s almost immediately.

He claims that the 11 inquiries for 30 ships received in recent months by his company from developing countries have all been blocked by credit restrictions.

Austin and Pickersgill has not so far made use of the Government's £65m. intervention fund, which acts as a provider of subsidy to offset British yards' uncompetitive ship prices.

Beecham wins antibiotic patent case

BY KEVIN DONE, CHEMICALS CORRESPONDENT

BEECHAM Pharmaceuticals has won an important round in its fight to protect the patent rights of one of its major drugs.

After a four-year action that has led from the High Court through the Court of Appeal to the House of Lords, the Law Lords have upheld two earlier judgments in Beechams' favour.

Their ruling confirms that Bristol Laboratories International, a subsidiary of the U.S. pharmaceuticals and toiletries multi-national, Bristol-Myers, is not licensed to manufacture and market Beecham's antibiotic, amoxycillin, under an agreement entered into by the two companies in 1959.

The ruling applies to most countries in the world, but not the U.K., the U.S., Canada and some Commonwealth countries, where separate agreements apply.

The U.K. decision is far from the end of Beecham's fight, but it should strengthen its case in a number of countries, including Japan and Germany (after the U.S. the world's largest pharmaceutical markets), Belgium, France and South Africa. In all these countries Bristol is currently marketing amoxycillin, and Beecham has taken legal action to prevent an infringement of its patent rights.

Beecham has also begun litigation against Bristol-Myers in Canada and the U.S. in respect of the U.S. company's alleged infringement of Beechams' patents there.

In the other countries the problems have arisen from the agreement made between the two companies in 1959. Beecham had made a major breakthrough with the development of semi-synthetic penicillins, but at the time needed assistance in setting up the manufacturing process.

This expertise was supplied in part by Bristol-Myers, which in return was given manufacturing and marketing rights in certain countries.

Beecham has maintained that this agreement applied only to the first generation of products, ampicillin and certain other semi-synthetic penicillins.

Their argument is supported by the Lords ruling, which in practice excludes from the agreement amoxycillin, an improved form of the antibiotic that has been on the market since 1975.

The implications of the judgment are especially important because the patent rights on the earlier products have begun to expire in many markets.

Beecham refuses to break down the sales of its various divisions, but the pharmaceutical operation probably contributes about £230m., a little more than half of the group's total turnover.

Amoxycillin is claimed to be the fastest-growing antibiotic in the U.K. and is already rivalling sales of ampicillin, which last year accounted for about one quarter of the company's total pharmaceutical sales.

U.K. 'should accept cut-price beef'

BY CHRISTOPHER PARKES

THE Government was yesterday charged with a "scandalous piece of neglect" for not taking up an offer of cut-price beef from the Common Market's 350,000-tonne mountain for distribution to hospitals, schools, old people's homes and similar social outlets.

Mr. Gordon Wilson, deputy leader of the Scottish National Party, laid his charges in a letter to Mr. James Callaghan, Prime Minister.

The Italian Government, he said, was making extensive use of the cheap supplies, but Britain had not applied. He advised Mr. Callaghan to wake up his Ministers who were "obviously fast asleep as a result of the summer recess."

The Ministry of Agriculture responded quickly claiming the option for Britain to make use of the stockpile for "social" outlets had been kept open. But there was no need for cheap beef at present.

In any case, Britain held stocks of only 9,000 tonnes of beef, a spokesman said. Supplies can be shipped in from other Community countries if necessary.

Ireland, for example, has almost 70,000 tonnes of unwanted meat cluttering up cold stores both at home and in Britain.

The British market is now over-supplied with beef. Heavy imports from Ireland and France have depressed British farmers' prices, and home producers are clamouring for the Ministry to take action to stem the flow of meat from abroad.

New evidence of international rift over action against bribes

BY MARGARET REID

NEW EVIDENCE of the rift in international opinion about means of combating the growth in commercial bribery and corruption emerged yesterday in statements from members of the International Chamber of Commerce Commission on Ethical Practices.

In London M. Jean Rey, the Belgian who is a member of the Commission and a former President of the European Economic Commission, said the world trading community could not wash its hands of the problem.

Referring to the recommendations of the commission, under the chairmanship of Lord Shawcross, for a code of good practice and an administering council to fight corrupt payments, M. Rey said: "Some people think this good and some bad."

Belgians—who had not consulted him—had been in the lead in criticising the proposals, as had the French and Germans. "I hope people won't believe the Belgians are less sensitive to corruption."

In Hong Kong, Lord Shawcross, the former British Attorney General, described the code of ethics drawn up by the commission as a "pretty elementary" set of rules to combat bribery, extortion and kickbacks. Nonetheless "certain Western European countries have for some time made it obvious that they intend to wreck the whole project."

Lord Shawcross also hit out at developing countries which "with great hypocrisy used corrupt practices as a stick with which to beat private enterprise in general and trans-national corporations in particular."

The commission considered it essential that an international council should be set up to supervise the code of ethics.

In New York, Mr. William Simon, the former U.S. Treasury Secretary, who is a member of the commission, said he was satisfied with the draft it had produced. "I hope any differences of opinion can be ironed out in the near future because this is an extremely important initiative."

M. Rey, who was addressing a conference organised by the Financial Times and International Chamber of Commerce, said the commission had produced a three-part plan with recommendations to government, a code of good practice, and a council or panel to supervise it. "Those who are not in agreement must produce something else. It's not tolerable that nothing should be done."

The ICC was something of the conscience of the business community and "I hope the ICC will succeed in making progress in fighting against illegal payments. Not more than that, but not less."

He noted that within the Ethical Practices Commission it was not only the occidental members who had wanted action. "One very eloquent on it was Sheikh Yamani (the Saudi Arabian Petroleum Minister.)"

The split in international business opinion appears partly to concern the pace of desirable action. It also revolves around differences about how far corruption can be fought by a code of good conduct and, more particularly, about the desirability of a panel or council to administer the code. There is also uncertainty about what attitude should be taken to the governments of countries where bribery or illegal payments have long been known.

Lord Shawcross said yesterday that corruption was so prevalent in parts of South-east Asia, the Middle East and Latin America that it was an accepted way of life. The evil had been stamped out only in two countries—China and Singapore.

FT Conference Page 26

£2.9m. expansion plan for rubber chemical plant

BY KEVIN DONE, CHEMICALS CORRESPONDENT

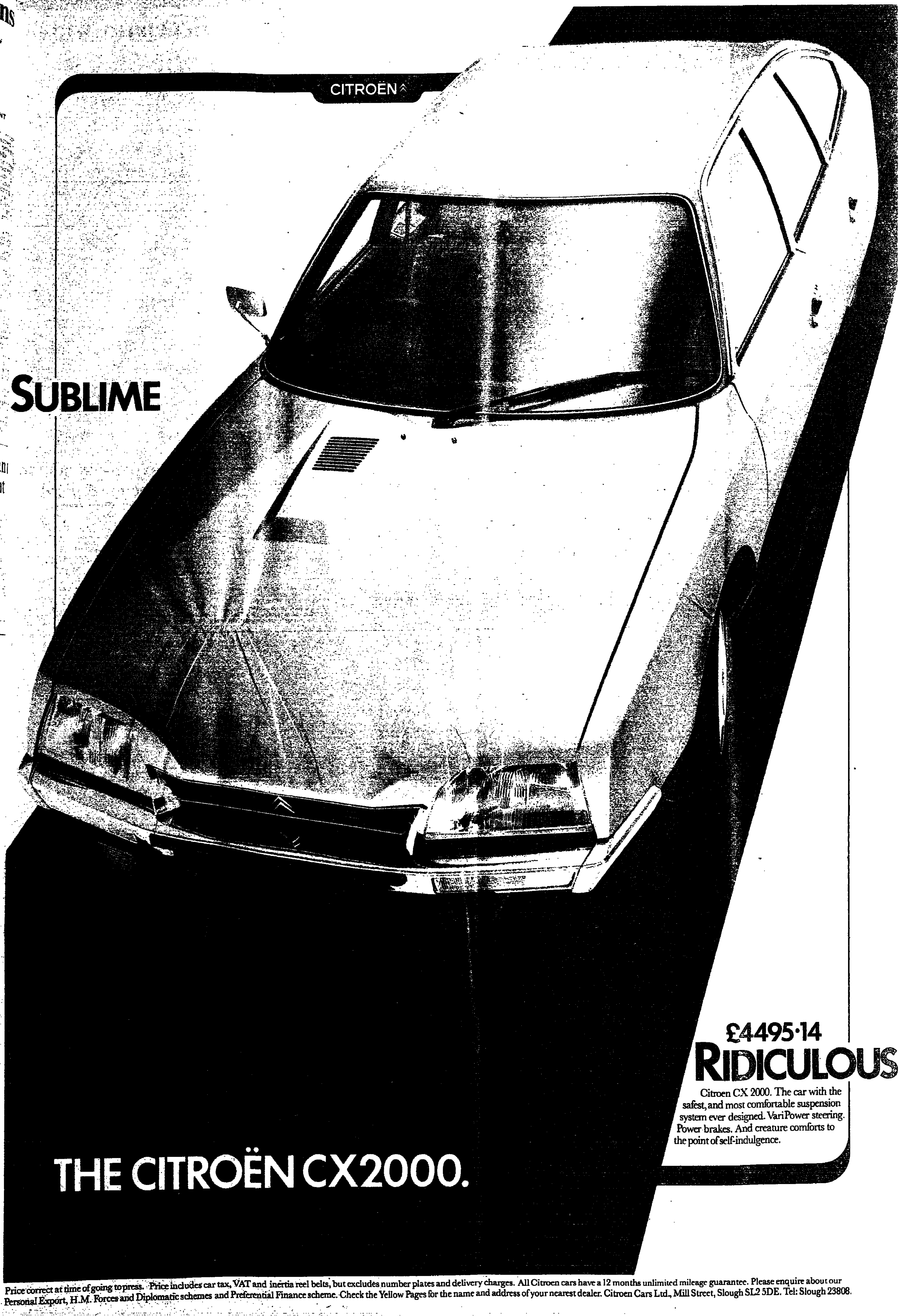
MONSANTO, one of the leading U.S. chemical companies is to invest £2.9m. in expanding production of rubber chemicals at its plant at Ruabon, North Wales.

It is planning to double its capacity for producing a rubber chemical (Santogard PVI) which delays the onset of the process of rubber vulcanisation reaction, allowing faster and more economical processing as well as reducing scrap.

The original plant at Ruabon only started production last year, but sales have exceeded expectations. Mr. Ian Clifford, Monsanto's European director for rubber chemicals, said the latest expansion was necessary to meet expected demand for several years ahead.

The chemical was first developed by Monsanto in the U.S. in 1969 and is one of a range of chemicals the company is developing to speed the process of vulcanisation and extend the life of rubber products.

Last year about 60 per cent. of Monsanto's rubber chemicals sales came from outside the U.S. and included important sales to Eastern Europe.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Engineering industry seen at economic crossroads

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE BRITISH engineering industry is at an economic crossroads and faces several major problems, says the Engineering Employers' Federation in its annual economic review.

Of profitability, the review says: "In spite of recent improvements, it is at an inadequate level."

And of productivity, it says: "Considerably *lower than that* of the U.S., Germany and Japan."

Other problems include a severe and general shortage of *skilled manpower, increasing* competition in international markets and a degree of Government interference "which is *unnecessary and non-productive.*"

But the federation insists that prospects for next year are brighter, particularly if inflation is *brought down to a level* comparable with that of Britain's overseas competitors.

"Orders and deliveries for *both home and export markets* should continue to rise and the increase in costs to moderate. Profitability should also rise *further as spare capacity is* absorbed and overheads are spread."

However, the federation believes that numbers employed are unlikely to increase and that investment "will grow only modestly."

To overcome the problems, management and employees in the industry should concentrate on co-operation and communications, manpower training, export markets and marketing, and employer solidarity.

The federation points out that higher productivity requires improved production methods, *stock and production control,* and materials planning and purchasing "which can be initiated only by management but which require the co-operation of the work force."

In particular a commitment to the removal of restrictive *practices is required from the* unions. "Management can contribute by the continual improvement of communications with the work force, their greater involvement in decision-making processes and greater efforts to raise the level of under*standing of the economic facts* of industrial life."

Referring to manpower, the federation says the apprentice system is in need of revision to bring it in line with present-day conditions.

And it says the reason engineering companies are having problems recruiting the right quality of managers include compressed differentials, taxation which removes the incentive to increase effort and the relatively high rewards which can be gained outside industry.

"The British engineering industry includes many companies of very great strength—in product range, technological skills and reputation.

"The EEF now urges the Government to recognise the vital contribution of the engineering industry to national prosperity and emphasises that it is by creating the right economic environment, rather than by direct intervention, that Government will encourage the whole *industry to give of its best.*"

British Engineering: An Economic Review — Autumn 1977, EEF, Broadway House, Tothill Street, London SW1H 9NQ. £3.

Councils seek change

THERE IS scope for change in *the organisation of local government* to cut waste and to hand over some powers to district councils, according to a report *to-day by the Association of* District Councils.

The report advocates a limited switch in the allocation of func*tions between county and district* councils to bring local government closer to the people it serves.

The association, which repre*sents 333 authorities in England* and Wales, says it is "particularly concerned" about the expense, waste, uncertainty and delay stemming from the present overlaps and duplication of powers."

ADC Consultative Document: Devolution: The English Dimension.

London to spend £825m. on housing in four years

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

AN £825m. programme to improve London's housing was yesterday unveiled by the Greater London Council.

The money is to be spent over the next four years by the Conservative-controlled council. More than £700m. will be concentrated on extending and improving the housing stock in central London.

Details of the package, which forms the latest part of the GLC's controversial housing programme, were given yesterday by Mr. George Tremlett, the council's housing policy leader.

The GLC decisions to auction old homes, sell off thousands of council homes and to house some squatters has drawn many critics. Yesterday's announcement was partially designed to answer criticisms—from Labour Ministers as well as from the GLC opposition—that the GLC housing programme was being savagely cut back.

Under the programme, 13,000 new homes are to be built in the capital over the next four years and 19,000 more properties will be modernised. In addition, around 18,000 families will get the chance of buying homes with the help of GLC finance.

The detailed budget for the four-year period shows that £326m. will be allocated for new house building, a further £110m. will go on house and flat improvement work and £185m. will be made available in the form of home loans.

In addition, £146m. will go towards helping housing associations, which are expected to provide an extra 6,200 homes.

Priority will go to areas with the greatest housing need, such as Brent, Hammersmith, Lambeth and Wandsworth.

Mr. Tremlett said, after giving details, that "the old kind of housing crisis is over." He claimed that there was a *surplus* of housing in some parts of London, although there was still a *shortage in others.* Overall there was a surplus of about 40,000 homes.

Housing policy, Mr. Tremlett emphasised, had to change direction. Over the next decade, resources would have to be con*centrated* primarily on improving the existing stock of homes.

Mrs. Gladys Dimson, Labour's housing spokesman on the GLC, described yesterday's programme as "an important victory for the Labour Opposition at County Hall."

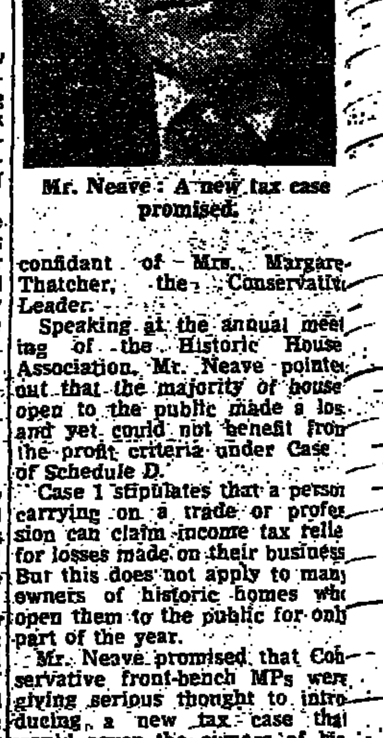
She said the Conservatives had not had enough confidence in their original proposals for housing and were now having to carry out inner city policies first suggested by her party.

Tory bid to aid historic houses

By John Hunt, Parliamentary Correspondent

A FUTURE Conservative Government is likely to make changes in the tax laws to help the owners of historic houses who open their property to the public.

An indication on this was given yesterday by Mr. Airey Neave, Opposition spokesman on Northern Ireland and a close confidant of Mrs. Margaret Thatcher, the Conservative Leader.



Mr. Neave: A new tax case promised.

Speaking at the annual meeting of the Historic Houses Association, Mr. Neave pointed out that the majority of houses open to the public made a loss and yet could not benefit from the profit criteria under Case I of Schedule D.

"Case 1 stipulates that a person carrying on a trade or profession can claim income tax relief for losses made on their business. But this does not apply to many owners of historic homes who open them to the public for only part of the year."

Mr. Neave promised that Conservative front-bench MPs were giving serious thought to introducing a new tax case that would cover the owners of historic homes.

Government to aid Pirelli tyre plant expansion

BY JAMES McDONALD

THE British Government is to give financial assistance of more than £400,000 for a two-year £3m. expansion and conversion pro*gramme at Pirelli's two British* tyre plants at Burton-on-Trent and Carlisle.

Pirelli says the programme will increase production capacity of both its Cinturato steel and nylon-belted radial ply car and tubeless truck tyres by 50 per cent. by the end of 1979.

The project will combine the provision of additional sophisticated plants with modernisation of much of the existing machinery.

Much of the increased capacity for high technology tyres will be used to supply Pirelli's 70 export markets, to which the *company increased sales by 45* per cent. between 1974 and 1976.

In the last two years, says Pirelli, the U.K. company has *played an increasingly significant* role in Pirelli International Group exports, supplying Burton and Carlisle-made radials to fulfil orders acquired by overseas Pirelli companies.

While the home tyre replacement market is expected to show only modest growth, Pirelli predicts a growing demand among U.K. and overseas car and truck makers for its new radial products, like the steel and nylon-belted Cinturato P3 and CN365M car and FA88 truck radials.

This investment will secure the present employment levels at Burton and, in the longer term, with associated additional investment, offer the opportunity for additional jobs, says the company.

Farm holidays co-op plan

FARMERS on Exmoor—one of Britain's most picturesque national parks — may form a tourism co-operative to cash in on the boom in *farmhouse* holidays.

The co-op idea was proposed yesterday in the Exmoor National Park Plan. It is being discussed with the National Farmers Union.

A centralised booking service could be established, with farmers co-operating in providing additional recreational facilities.

Rent-a-sculpture at the office

BY CHRISTOPHER DUNN

FOR £10 a week, British banks and businesses can now rent attractive pieces of sculpture by distinguished and lesser known sculptors for their offices under a scheme promoted by the Royal Society of British Sculptors.

McDonald Rowe, design consultants of St. Albans will find a home for the sculptures throughout the U.K., changing them four times a year, and the artists will receive half the rental fee, as well as acquiring a valuable sales pitch.

The first selection of the sculptures took place earlier this week.

An adjudicating panel from the Royal Society chose over 100 pieces from the 200 or so submitted by nearly 50 sculptors. The first rental period starts in December.

Michael McDonald, managing director of McDonald Rowe, emphasised yesterday that the scheme aimed to develop new talent. "We are hoping that exciting new discoveries will come up," he added, acknowledging that taste in new sculpture could be difficult. Some abstract art might be unsuitable.

Business response to the scheme had been encouraging, because companies liked the idea of having something educational and edifying in their offices.

£1m. shirt factory for Hull

BY RHYS DAVID

I. J. DEWHIRST, the Yorkshire-based clothing manufacturer, which is a major supplier to Marks and Spencer, is to build a £1m. shirt factory at Hull.

The factory, on the town's Sutton Fields estate, is the sixth to be built by Dewhirst. It will employ about 250 people, most of them women, and will be *capable of producing between 1,500* and 2,000 dozen shirts a week.

The move comes at a time when 70 per cent. of the U.K. shirt market has been taken by imports, mostly from low-cost countries, and indicates Marks and Spencer's confidence that it can continue to increase its share of domestically-produced shirts.

The factory will be the 45th development on the estate, which was built on the outskirts of Hull to provide a wider variety of *jobs in a town seriously affected* over recent years by the decline in the docks, fishing, and other port-related industries.

Shepperton film stages leased for £350,000

SHEPPERTON STUDIOS has leased two of its filming stages and certain other buildings for a figure of £350,000 to Rampart Enterprises, the company which manages and owns the rights of "The Who" pop group.

Over the next three years, Rampart plans to develop sound, video and laser facilities at the studios and to extend its own film-making and holographic activities.

The money will enable Shepperton to expand its capital expenditure programme. The studios are a subsidiary of Mills and Allen International, which acquired the property from British Lion.

Mills and Allen specialises in outdoor advertising, and owns the Pearl and Dean cinema advertising operation, printing companies and self-catering holiday sites. It is 80 per cent. owned by Vavasseur, whose share capital is at present being reconstructed.

Institutions put more cash into equities

FINANCIAL TIMES REPORTER

INSURANCE COMPANIES and superannuation funds put £516m. into equities in the second quarter of 1977, as against only £251m. in the first three months of the year.

These figures, confirming the dramatic swing in institutional sentiment in favour of equities which the Stock Exchange indices suggested, were published in the October issue of Financial Statistics yesterday.

The resurgence of interest in equities was matched by a drop in the enthusiasm for gilts shown by the institutions in the opening months of the year.

As against the £1,273bn. which they put into British Government securities in the first quarter of 1977, the second quarter showed an inflow of £552m. — only marginally higher than the £529m. in the second quarter of 1976.

Enthusiasm waned, however, far more dramatically among the superannuation funds than among the insurance companies. The latter, which can define their long-term liabilities, and—through the purchase of gilts—can match them, continued to devote the largest single part of their cash inflow to their purchase.

Out of a total income of £876m. in the second quarter, £406m. went into gilts.

The superannuation funds, in contrast, devoted only £146m. out of a total second-quarter income of £721m. to the purchase of British Government securities. During the bull market in gilts in the first quarter of the year they put £509m. out of a total income of £920m. into gilts.

That change was most marked in the private sector. Private pension funds put £273.4m. into gilts in the first quarter of 1977, and a mere £3.3m. in during the second three months. But figures for both the local authority and the nationalised industry pension funds reflect the same change in emphasis, though on a lesser scale.

The local authority pension funds pulled money off deposits to enable them to increase their purchase of equities from just under £50m. in the first quarter to £90m. in the second.

The total cash inflow into the insurance companies in the second quarter of the year was £876m., as again £721m. in the first three months of the year, and £635m. in the second quarter of 1976.

The total inflow into the superannuation funds in the second quarter, at £721m., was marginally lower than that for the corresponding period of last year, and well down on the £920m. recorded during the first three months of the year.

Felixstowe port plans

By Our Shipping Correspondent

EUROPEAN FERRIES is to spend £2m. to increase container handling capacity by 60 per cent. at the port of *Felixstowe.*

Installation of three Paceco Transtainer gantry cranes will, it is claimed, provide the most modern port handling equipment in Britain with a capacity of 45 containers an hour.

This is the first major investment since European Ferries acquired the port after a long struggle last year. The company said yesterday that its policy was to re-invest profits to expand the port to meet a high level of demand.

Vehicle records on register

THE FINAL STAGE has been reached in the transfer of vehicle records to the Swansea driver and vehicle licensing centre, says the Department of Transport.

From now on, whenever a re-licensing application is supported by an old-style log book, the log book will be withdrawn so that details of the vehicle can be placed on the central vehicle register. It will be replaced with a new-style vehicle registration document which will be posted to the registered keeper, who will receive reminders when re-licensing is due.

Sheldon claims success for pay policy

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A TREASURY Minister claimed yesterday that the "outstanding characteristic of the Government's pay policy was that this was the first time that a formal pay policy was being unwound with a reduction in inflation and a balance of payments surplus on current account."

Mr. Robert Sheldon, Financial Secretary to the Treasury, told an Industrial Society conference in London that what had caused the failure of previous pay policies "was the dismantling of the dam when the inflation level was rising."

The advantages of pay restraint when inflation was falling were clear to everyone.

He returned to the familiar theme of recent Ministerial speeches, and said that "it was so necessary to persuade industry of the importance of settlements within the Government guidelines."

Referring to the Budget tax cuts, Mr. Sheldon said: "We can now see clearly supported the rising living standards described in the Treasury forecasts." The forecasts were published a week ago.

HOME CONTRACTS

HAWKER SIDDELEY DYNAMICS ENGINEERING, part of the Hawker Siddeley Group based at Hatfield, Herts, has won an order from the Central Electricity Generating Board to supply the gas turbine station data processor and diagnostic system for its 280mw Bulls Bridge power station at Hillingdon, Middlesex. The installation is designed to provide plant health monitoring and diagnostic facilities using suitable plant parameters. Software programme development is the joint responsibility of the CEGB computer planning and development department and Hawker Siddeley Dynamics Engineering.

★

ICL has received an order from Ipswich Computer Services, a consultancy and computer bureau specialising in systems for the retail motor trade, for the System Ten 220 computers worth £1m. The contract was signed at ICL's stand at the recent International Business Show in Birmingham.

★

IBM has been awarded a contract involving computer equipment worth around £400,000 by the Co-operative Bank. More than 80 per cent. of the equipment will be made in the U.K. at IBM's Havant and Greenock factories.

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HOME NEWS

Conservatives attack road haulage probe

FINANCIAL TIMES REPORTER

THE GOVERNMENT'S decision to allow the Price Commission to investigate prices in the road haulage industry is likely to cause a row in the Commons in the new session of Parliament which starts to-morrow.

The Conservatives yesterday accused the Government of using the Price Commission for its own political ends. Mrs. Sally Oppenheim, the Opposition spokesman on Prices and Consumer Affairs, said that the Prices Secretary's decision to refer the road haulage industry to the Commission, because there was a high pay claim, constituted a "completely improper use of the Price Commission Act," and might even be illegal.

She said that during the debate on the new prices legislation, the Government had promised that the Act would not be used for political purposes. Now it was clear that the Secretary of State intended bending the criteria in the Act to suit his own political hook. This was in breach of the frequent assurances that the Conservatives had been given during the committee stage of the legislation.

Mrs. Oppenheim said it was a matter of great concern that the powers in the Act were being used in ways that might be considered illegal by some people.

Wage claim

Mr. Hattersley's decision to refer the road haulage industry to the Commission, announced on Monday, followed the Department of Transport's failure to persuade West Midlands hauliers to re-negotiate a proposed 15 per cent. wage settlement.

"The Minister said that a major factor affecting the industry's charges appeared to be costs on which "current developments could be relevant." The Department of Prices, however, denied that the reference, which was welcomed by the Road Haulage Association, was being used as a new form of pay sanction.

In a separate speech in St. Albans, Mrs. Oppenheim challenged Mr. Hattersley to say how long single-figure inflation will last next year—if it is reached at all. According to Mrs. Oppenheim, the truth was that by the middle of next year or a little later adverse trends would be established and inflation would take off again.

Prices appeal procedure urged

By Our Consumer Affairs Correspondent

A CALL for an independent appeals procedure to be included in the new system of price controls was made yesterday in a guide to price controls.

The author, Mr. Robert Willott secretary of the Institute of Chartered Accountants' Parliamentary Law Committee, said he was concerned about the Government's apparent reluctance to allow any truly independent arbitrator to interpret contentious elements in the new system of more flexible price controls introduced in the summer.

Mr. Willott said that in exercising the new investigatory powers, the Price Commission and the Prices Secretary were entitled to decide the relevance of particular matters in determining whether an investigation should take place or whether a price should be restricted.

There was no right of appeal to a independent body comparable to that available to the taxpayer, he claimed.

"In effect the only interpretation of the Price Code generally available to the public has been the Commission's own interpretation," he said.

Mr. Willott's Guide to Price Controls, published jointly by the Institute of Chartered Accountants in England and Wales and Quinta Publishing, covers the new regulations and procedures for prices introduced in August.

Bayer may seek bigger fibre sales in Britain

By Lynton McLain, Industrial Staff

A MANAGEMENT change at the top of the fibres division of Bayer U.K. may result in greater efforts by the company to capture the growing British market for man-made fibre carpets.

The announcement was made yesterday by Mr. Helge Wehmeier, the new director and chief executive of the division. He replaced Mr. Werner Olingschlaeger, who is now working on special projects before returning to the parent company in Germany.

The company already supplies 10 per cent. of the acrylic fibre for the British carpet market, with an estimated 800 tonnes a year going to Templeton Grays, Glasgow, which is Bayer U.K.'s only carpet industry customer.

Now, faced with a double threat to its traditional outlets for acrylic fibre as a velvet fabric for home furnishings, Bayer is looking for new and "fairly sophisticated applications," said Mr. Wehmeier.

The move comes at a time when Spanish and Greek acrylic fibre makers are using the Bayer Drilon brand name to win sales of their own unbranded material in British furnishing works.

Bayer has 86 per cent. of the British market for upholstery velvet and Drilon sales have been growing in volume terms at 8 per cent. per annum. "But there has been some penetration by other European manufacturers," said Mr. Wehmeier.

The other problem is that the market for velvet upholstery has now "almost reached its full potential." Bayer claims it has virtually exhausted the U.K. market and this, combined with a sluggish retail furnishings trade, had encouraged the diversification.

The company was also looking at the fashion trade, but was still undecided on how it should tackle the market.

Owen says industry must be protected

BY JOHN LLOYD, INDUSTRIAL STAFF

INCREASING COMPETITION of products from Third World countries was forcing Britain to take measures to protect our manufacturers. But we could not continue to protect old industries.

This warning was given by Dr. David Owen, the Foreign Secretary, speaking at a dinner given in London last night by the International Chamber of Commerce.

Dr. Owen said we adopted protectionist policies knowing they would hurt developing countries and knowing they were wrong. Instead, we should pick out those industries in which we could be strong in the future, and develop them.

Exports from developing countries would increasingly compete with British products, not just in textiles and footwear, but in ships, steel, cars and electronics.

Dr. Owen said the North-South dialogue had often been couched in moral terms. But it was of vital economic self-interest, and businessmen ignored it at their peril.

He added it was not enough simply to say that free trade and the free market system would take care of these problems. They would not.

The developed countries were under increasing pressure to protect sectors of their industries, and the consequences of continuing down that road "could be catastrophic."

What was needed was greater co-operative action between the developed and developing countries, to anticipate and avoid such problems.

British asset

Earlier, Sir Reay Geddes, chairman of Dunlop Holdings, told the guests that British missions abroad "are always helpful and steadily stronger in economic work." He added: "Their skill, enthusiasm and high morale are a real British commercial asset."

Sir Reay added that the British National Committee of the International Chamber of Commerce was trying hard to justify and extend the same kind of "constructive prior consultation" with inter-governmental bodies.

He recognised that sustained prosperity was proving very hard to achieve. "After the two abnormal decades, the 1950s and 1960s, it is very clear that the problems of production have not been solved.

"As inflation and unemployment continue, so protectionism is against a growing threat and seems to be changing the aim—no longer just freer, but now fairer trade."

Tories plan health service changes

Financial Times Reporter

A PERIOD of "intensive care" is recommended for the National Health Service in a two-stage Tory plan outlined yesterday by Dr. Gerry Vaughan, Opposition health spokesman.

"We want to see a thriving and vibrant NHS," he said, explaining that the first stage would be a period of cosseting for the service in which morale was desperately low.

Speaking at a London conference of the Institute of Practitioners in Work Study, Organisation and Methods, he said that only later might there be "a general body of feeling which would want to alter the basis of the system altogether."

Dr. Vaughan denied the Tories wanted to "dismantle" the service.

The patient was so sick that if many changes were made quickly, no matter how desirable they were, they could not have the effect intended.

In stage one, the Tories would simplify the administration, making the service more patient-orientated, making it clear that while the State provided the resources, it would leave the professionals to get on with the job for which they were trained.

Quagmire

The NHS would again become a local service, with local nurses, doctors, porters and technicians able to make decisions to avoid the current "quagmire" of meaningless duplication.

The private sector would be encouraged for "we believe there is no conflict between the private sector and the NHS, and that every penny spent privately is a penny saved that can be spent in other ways within the NHS," said Dr. Vaughan.

In stage two, if the Royal Commission on the NHS was in favour, the Tories would have no objection to moving towards a system of "total insurance cover."

Charges too, would be an option, along with a special health tax, earmarked for the NHS, and further tax concessions on health insurance premiums.

Pre-payment of excise duty hits wine shops

BY KENNETH GOODING

THE AMOUNT of duty paid in advance by wine companies to the Exchequer but not yet recovered through sales has risen by 81 per cent. since 1973, claimed the smaller firms group of the Wine and Spirit Association yesterday.

This steep rise in excise duties was the largest single contributory factor in the current plight of wine traders, commented Mr. Michael Thomson, chairman of the group.

A paper prepared by the group shows that working capital for a small wine and spirit company has had to be increased by 69 per cent. since 1973 simply to maintain the same level of volume sales.

A modest increase of 20 per cent. in sales volume over the four years would have doubled the capital requirement.

The paper was prepared as part of a renewed campaign by the association to persuade the Treasury to introduce a credit period for payment of excise duty in the 1978 Finance Bill.

The trade estimates that more than £100m. of no-interest, forced loans are involved because duty has to be paid immediately alcoholic drinks—except beer and cider—are withdrawn from bond. Traders normally have to wait 60 days to get the duty back from their customers.

Dowding Fund gives £20,000 for research

TECHNIQUES AIMED at avoiding the need for animal experiments received a boost yesterday with a £20,000 grant to St. George's Hospital Medical School, London, to develop facilities for tissue culture.

The grant is the largest yet from the Lord Dowding Fund of the National Anti-Vivisection Society, whose aims are to develop alternatives to animal experimentation.

Projects that will benefit include investigations of brain tumours, studies of the way an anti-viral agent—interferon—works, and the way white cells change during growth and development.

Big store opens 12 hours

BY CHRISTOPHER DUNN

THE HAMLEYS' toy and leisure store in Wigmore Street, London, owned by Debenhams, yesterday became the first major West End store to stay open 12 hours a day, six days a week.

Using a two-shift system, the 30,000 square feet store hopes to exploit the tourist market through longer opening hours.

Hamleys was formerly Harvey Nichols but it was renamed in a major facelift, aimed at transforming the store into a sports goods, toys and leisure operation.

Debenhams acquired Hamleys in Regent Street ("the largest toy shop in the world") for £4.8m. last year.

Bank case hearing starts

COMMITTAL proceedings against Mr. Harry Landy, former chairman and joint managing director of the Israel-British Bank (London), and four other former bank executives charged with conspiracy to defraud, started at Guildhall Court yesterday.

Reporting restrictions were not lifted for the hearing, which is expected to continue into December.

Before the court are Mr. Landy, 65, of Holme Chase, East Finchley, London; Mr. Joseph Bloomberg, 71, of Alicia Close, Kenton, Middlesex; Mr. Peter Lynn, 55, of Loudoun Road, St. John's Wood, London; Mr. Arthur Malcolm White, 44, of Wood Knoll Close, Chislehurst, Kent; and Mr. Charles Kaye, 54, of Woodford Road, Woodford, London.

All five are charged with conspiring with the late Walter Williams, the late Isaac Cohen and Mr. Joshua Bension to defraud lenders and depositors between September 1965 and July 1974.

Mr. Landy, Mr. Kaye and Mr. White also face two charges of conspiring with Mr. Bension and Mr. Cohen to utter forged invoices, knowing them to be false and with intent to defraud.

LABOUR NEWS

When patience runs out

BY PAULINE CLARK, LABOUR STAFF

AS SOME 19m. British homes were subjected yesterday to sudden electricity cuts, efforts were intensified to persuade leaders of the unofficial work-to-rule in power stations to "calm down" to allow negotiations on their demands to continue in peace.

While national officers in the General and Municipal Workers' Union plan to meet Trent Valley power station members in Nottinghamshire to-day when they will make it clear that they are still not prepared to back the industrial action, the employers' side continues to criticise the work-to-rule supporters for their "highly irresponsible" action.

Both sides seem concerned that the leaders of the work-to-rule are, to their thinking, unnecessarily embarking on a campaign of intimidation. Negotiations are already proceeding "smoothly" enough, they argue.

Indeed, a decision is expected to-morrow at a meeting of the industry's National Joint Industrial Council on certain aspects of their claims for improvements in fringe benefits.

But such protests have yet to cut ice with the militants among the 100,000-odd hourly-paid industrial workers in the industry.

They first started action last September.

A work-to-rule and overtime ban for little more than 24 hours had negligible impact at that

● News Analysis —POWER CUTS

time, but support for their cause amid the present disruption to power supplies is no longer being underestimated.

It has been difficult to estimate the number of workers involved in the work-to-rule, but it seems likely that action is concentrated in the biggest power stations in Yorkshire and the Midlands.

It is believed that about 40 out of Britain's 137 stations are seriously affected although the national grid system prevents a cutback in output for any one station being easily identified.

The big new power-stations tend to be isolated and capital-intensive and thus on two counts they seem more vulnerable.

While the workers would be expected to regard their demand for travel allowances to and from work as a key issue, the actions of only a few in banning overtime would be likely to cause disruption seemingly out of proportion to the number of people involved.

But other issues have combined to spread support. Demands for concessionary electricity allowances would carry special weight in the Trent Valley area.

Here power workers living in mining communities and handling coal in the same way as their mates down the pits expect free electricity in the same way that their neighbours are allowed free coal.

The uniting force for the power workers is a common feeling of frustration. The demand for an improvement in shift allowances from £4 to £10 a week almost certainly reflects the frustration the power workers feel at having to wait till March for their next pay settlement after two years of severe Government restraint.

Much impatience also attaches to the claims which the strike leaders say have lain untouched on the table for as long as four years.

While union officials and employers hope that the Government can be convinced of the immediate need for concessions on travel, the claim for shift allowances seems bound to come under the Government's 12 month rule on pay settlements.

Although only four unions are involved in representing the industrial workers, any concessions on free electricity will have to wait for negotiations with the nine unions involved throughout the industry.

For the supporters of the work-to-rule, any talk of smooth negotiations still smacks of a waiting game which they are no longer prepared to tolerate.

Public 'firmly opposed' to rise of more than 10% for miners

BY ALAN PIKE, LABOUR CORRESPONDENT

THE PUBLIC would be firmly opposed to miners receiving pay increases well above the 10 per cent. level according to a poll conducted by Opinion Research Centre last week-end.

It showed that 73 per cent. of those interviewed were hostile to the miners receiving rises outside the Government guidelines. Only 23 per cent. were in favour and 4 per cent. did not know.

Asked the same question in relation to the British Oxygen strikers 59 per cent. of the sample said they should not get increases beyond 10 per cent.—15 per cent. thought they should and 26 per cent. did not know.

The poll showed a very different public reaction when the same question was posed in relation to the police—eight out of 10 voters believed they should be made a special case.

According to the poll there is considerable public support for the Government's attempt to control inflation by keeping wage increases below 10 per cent.

Four out of five of those interviewed thought workers should support the Government's pay target and 71 per cent. disapproved of employers who granted wage increases above 10 per cent. being allowed to pass on extra costs through price increases.

Asked whether they would prefer a wage rise of not more than 10 per cent. plus cuts in personal taxation in the spring or a bigger pay rise without tax cuts, 74 per cent. opted for the former and 18 per cent. for the latter.

A majority of the sample—54 per cent.—took the view that union leaders who demanded increases beyond 10 per cent. should be condemned for behaving selfishly.

HOW THE MINERS VOTED

	Valid votes cast*	YES	%	Nov. '74 ballot % YES
Yorkshire	47,644	11,080	23.25	16.50
Notts	25,250	15,208	66.00	53.50
South Wales	21,572	3,643	17.00	18.00
Officials, staff	14,369	11,849	82.50	81.50
Durham	13,433	8,449	63.00	30.10
Scotland	13,154	2,255	17.00	33.00
Midlands	11,182	6,019	54.00	44.60
Derbyshire	9,069	3,419	37.75	37.10
North-Western	7,422	4,045	54.50	38.60
Northumberland	5,863	3,819	65.00	44.90
Durham Mechs.	5,036	3,806	75.50	61.30
Scottish Enginemen	4,108	1,003	24.50	42.00
Power Group No. 1	3,973	3,016	76.00	69.00
Cokemen	3,427	2,043	59.50	66.00
South Derbyshire	2,687	1,912	71.00	69.00
Leicestershire	2,603	1,837	70.50	68.80
Kent	2,201	632	28.75	31.00
Northumberland Mechs.	1,902	1,523	80.00	71.00
Cumberland	755	362	48.00	30.00
Power Group 2	1,279	818	64.00	60.00
North Wales	889	597	67.00	30.50
Durham Enginemen	717	566	79.00	72.50
TOTAL	198,535	87,901	44.25	38.50

* Number invalid "trifling."

Government clash with Vosper on pay deal

By Ian Hargreaves, Shipping Correspondent

ANOTHER shipbuilder has clashed with the Government and British Shipbuilders over the right to maintain local pay bargaining procedures.

It emerged yesterday that Vosper Thornycroft, the South Coast naval shipbuilder and ship-repairer, has been forced by British Shipbuilders' intervention to break off customary negotiations with its workforce until details of the pay offer have been vetted by the Department of Industry.

The incident has aroused a considerable amount of antagonism at Vospers, which was one of the companies to resist most steadfastly the threat of nationalisation. One of the reasons why it opposed a State takeover was its fear that the shipyard's managerial autonomy would be lost.

A peculiarity of the Vosper case is that the company had apparently made an offer to its shipbuilding workforce within the Government's 10 per cent. guideline, although the workforce had not replied to the offer.

An offer to Vosper's ship repairers was about to be made when Departmental intervention froze the bargaining process. The company's old agreement with its workforce expired on October 21.

Last month, workers at Govan Shipbuilders settled for a 10 per cent. pay rise after they had been told their demand for 2[illegible] per cent. would jeopardise their yard's chances of gaining part of a shipbuilding order from Poland. A 50 per cent. claim by workers at Yarrow Shipbuilders is still under negotiation.

Press fears in Midlands recede

By Our Labour Staff

THE THREAT of another closed shop dispute at the East Midlands Allied Press group receded last night after eight journalists in the group's Kettering offices agreed to withdraw plans to resign from the National Union of Journalists.

Seven of the journalists were those who contributed to the escalation of the six-month-long closed shop strike earlier this year when they left the NUJ to join the rival Institute of Journalists.

They agreed to maintain the status quo on union membership until "at least the end of 1978" after the NUJ offered them certain assurances.

It is believed that these concerned their freedom to leave the NUJ or join the Institute.

Civil servants call half-day strike

BY OUR LABOUR CORRESPONDENT

NEARLY 100,000 civil servants have been told to stop work next Tuesday in an effort to persuade the Government to restore the pay research system of determining Civil Service salaries.

The half-day strike, called by the Society of Civil and Public Servants, will be the first national stoppage in the Civil Service since 1973. Customs and immigration officials at ports and airports are among those being called out.

The society is complaining that the Government has refused to sanction the resumption of work by the Civil Service Pay Research Unit, which was suspended in 1975 when the pay policy came into force. Under the pay research system Civil Service remuneration is based upon comparisons with work outside the service.

Society leaders are arguing that the 20-year-old system should have been reintroduced with the return to free collective bargaining in August. Unless this is done soon, says the union, it will not be possible to operate it in time for the next Civil Service annual settlement in April.

Mr. Gerry Gillman, general secretary of the society, said yesterday that it was a "dreadful indictment of the Government's discriminatory approach to civil and public service pay" that research had not yet been restored.

"The Government is now the only employer refusing to apply its own policy of a return to normal collective bargaining, despite being bound by an existing agreement."

Dunlop men seek 25% wage rise

By Our Labour Staff

A PAY claim involving rises of 25 per cent. on basic rates, together with higher shift payments, consolidation of Phase One and Two and improved fringe benefits, was submitted yesterday for 13,000 Dunlop workers.

The claim, which is similar to another due to be negotiated for more than 40,000 workers in most of the other major rubber companies, includes a shorter working week, higher holiday pay and a common starting date for national settlements.

Dunlop, which is not part of the national rubber agreement to which most other companies belong, is due to make its reply later this month.

The unions say the claim is largely justified even in terms of the Government's 10 per cent. earnings guideline. The national minimum rate is £38.50, but union officials say average earnings are about £70.

Tether hearing chairman appeals for compromise

THE INDUSTRIAL tribunal hearing the unfair dismissal claim of former Lombard columnist Mr. C. Gordon Tether yesterday appealed to both sides to reach a compromise settlement.

The parties agreed to consider it.

The hearing is now in its 13th day. If it continues beyond this Friday, it would be the longest in the history of the tribunal in London.

Mr. Tether, 63, who wrote the Financial Times Lombard column for 21 years, seeks re-instatement. He has rejected a compensation offer of full pay until normal retirement age and an unaffected pension.

Hurtful

Mr. William Wells, QC, the tribunal chairman, said they had now reached a stage at which inevitably the atmosphere was likely to become more difficult than it had been.

Hurtful questions would be asked and hurtful answers given, he said.

The tribunal was therefore asking whether continuation would do more damage to either party than either could conceivably gain.

"I would go further and say nothing but loss would result to both sides if the matter proceeded further," he added.

He was not putting pressure on anybody to do anything, but was there any basis for a reasonable compromise?

Two questions had to be decided at the end of the day: was Mr. Tether's dismissal fair or not and if not, what was the remedy?

He was expressing no judgment but the difficulties in ordering Mr. Tether's re-instatement seemed formidable on the evidence so far.

Mr. Wells suggested there were some basic facts on which they could all agree.

It had never been suggested by the Financial Times, and could not be suggested, that Mr. Tether was not at the time of his dismissal fully capable of writing articles to the Financial Times' high standards. It would appear from the evidence that they were publishing work of his almost to the end.

In addition, the Financial Times had offered compensation terms which he understood had never been withdrawn. There were many employers who would have been less liberal.

And finally, was it not a basic truth that the termination of Mr. Tether's employment was due to misunderstandings, perhaps to conflict at a personal level?

Vindicated

Mr. Wells said that he hoped that it would be possible for the parties to agree a statement which the Financial Times would publish that fully vindicated Mr. Tether's rightful anxiety to protect his reputation and at the same time did not involve the withdrawal on the part of the Financial Times of their main contention.

He was therefore appealing to the generosity of both parties at least to consider the possibility of such a course.

Mr. Wells then asked Mr. Tether "as one man in his age group to another"—would he prefer his association with the Financial Times to be remembered for a lifetime of meritorious, successful and distinguished service or for the unhappy circumstances in which that relationship was brought to an end?

It was Mr. Tether's last chance to make the choice because if the hearing continued inevitably what would be remembered, more probably than anything in connection with his work, was what was said and what might be decided in this litigation.

After a short adjournment, Mr. Morison, counsel for the Financial Times, said Mr. Fredy Fisher, the editor, immediately agreed on a personal basis that consideration should be given to Mr. Wells' suggestion. But he was a witness and the respondents were the Financial Times. Any personal view of his was clearly subject to that taken by the Financial Times Board.

Prepared

Mr. Morison added that he had spoken briefly to the chief executive of the Financial Times who also immediately indicated that subject to consultations he would be prepared to consider it.

Arrangements had been made for the representatives of the Financial Times to return to the newspaper's offices for a full consideration. Mr. Tether would be contacting them to find out whether there was any point in considering the matter further.

Mr. Morison said that if by this morning no agreement had been reached or the Financial Times had decided to take the matter no further then the hearing would obviously resume. But if the parties reached an agreement, they would use a short period before the tribunal to explain it.

Mr. Tether told the hearing he would also consider the suggestion, without commitment.

The hearing was adjourned.

Separate talks call by Vauxhall craftsmen

VAUXHALL craftsmen warned yesterday that they would return to work only if given firm guarantees of separate negotiating rights from production workers.

The warning came as a joint management-union negotiating committee met in Coventry to discuss the craftsmen's fortnight-old strike, which is costing about 1,000 vehicles a day at Luton, Dunstable and Ellesmere Port. More than 18,000 men have been laid off.

Several thousand electricians and other skilled men have rejected the company's overall 10 per cent. offer, with a self-financing productivity scheme. The men claim their differentials have fallen from 20 per cent. in 1969 to 9 per cent.

● Production of the TR 7 sports car was again at a standstill at Speke, Liverpool, yesterday because of an unofficial manning strike by about 1,500 hourly-paid workers.

هكذا من الأجمل

This document is issued in connection with the introduction to The Stock Exchange of the Series B (ordinary) Shares ("B Shares") of Sandvik Aktiebolag ("Sandvik" or the "Company"). Sandvik has issued U.S. $35,000,000 6¼% Convertible Bonds due 15th March, 1988 (the "Bonds") subject to certain conditions contained in the Subscription Agreement referred to in Section X below, and certain of the information contained in this document relates to the Bonds who have subscribed the Bonds.

This document contains particulars given in compliance with the regulations of the Council of The Stock Exchange for the purpose of giving information to the public with regard to the Company. It is not an invitation to any person to subscribe for or purchase any securities of the Company. The members and deputy members of the Board of Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no facts, the omission of which would make any statement herein misleading.

Application has been made to the Council of The Stock Exchange in London for the B Shares of the Company to be admitted to the Official List. The issued share capital of the Company is already listed on the Stockholm Stock Exchange.

In this document the "Group" means the Company and its subsidiaries and "subsidiary" means a subsidiary consolidated for the purposes of the Company's consolidated accounts.

References herein to "Skr" and "kronor" are to Swedish kronor and references to "$" and "dollars" are to United States dollars.

SANDVIK

Sandvik Aktiebolag

(Incorporated in Sweden with limited liability under the Companies Ordinance, 1848)

SPONSORS TO THE INTRODUCTION

Hambros Bank Limited **Credit Suisse White Weld Limited**

The following figures relating to Share Capital, Reserves and Untaxed Reserves and to Indebtedness should be read in conjunction with Section VII below.

SHARE CAPITAL AND RESERVES

	Skr. '000
Share Capital (Issued and fully paid)	
6,881,777 Series A (ordinary) Shares of Skr. 100 each ..	688,178
983,111 Series B (ordinary) Shares of Skr. 100 each ..	98,311
	786,489
Reserves	327,092
Untaxed Reserves	1,170,424
	2,284,005

Note: Full conversion of the U.S. $35,000,000 6¼% Convertible Bonds due 15th March, 1988 at the initial conversion rate of 20.3510 B Shares per Bond would involve the issue of 712,285 new B Shares.

INDEBTEDNESS

	Skr. '000
Long-Term Debt at 31st December, 1976	
Secured Loans	609,156
Unsecured Loans	971,698
	1,580,854
Long-Term Debt issued after 31st December, 1976*	
Unsecured Loans	98,945
6¼% Convertible Bonds due 15th March, 1988	168,000
	1,847,799

*Certain of these amounts denominated in foreign currencies have been calculated at Skr. 4.80 equals $1, being the rate ruling on 10th October, 1977.

At 9th September, 1977, the Group had outstanding domestic overdrafts and other short-term borrowings amounting to Skr. 57 million, overdrafts and other short-term borrowings in various currencies other than Skr. amounting to Skr. 701 million and Skr. 43 million representing the current portion of long-term debt at the rates of exchange ruling on that date and guarantees and contingent liabilities amounting to Skr. 81 million. Save as stated herein the Group had outstanding, at that date, no other loan capital (including term loans), mortgages, charges, bank overdrafts, liabilities under acceptances (other than normal trade bills) or hire purchase commitments.

DIRECTORS

The following are the present members and deputy members of the Board of Directors of the Company:—

Members

RAGNAR SUNDÉN, Stockholm. *Chairman. Former General Manager of the Swedish Ironmasters' Association.*
LENNART MAGNUSON, Sigtuna. *Vice Chairman. Engineer.*
JAN H. STENBECK, New York. *Vice Chairman.*
ARNE WESTERBERG, Sandviken. *President and Chief Executive of the Company.*
NILS LANDQVIST, Gävle. *General Manager of Korsnäs-Marma AB.*
SIGVARD BAHRKE, Saltsjö Duvnäs. *General Manager of ASSI.*
HARRY STAKE, Sandviken. *Union Representative at the Company. Chairman of the Swedish Metal Workers' Union of Sandviken.*
BÖRJE KVARFORDH, Sandviken. *Union Representative at the Company.*

Deputy Members

SVEN EDSTRÖM, Sandviken. *Former Executive Vice-President of the Company.*
CARL-GUSTAF KLINGSPOR, Hälleks.
ELISABETH STENBECK-SILFVERSTOLPE, Rome.
GUSTAF HEDBORG, Stockholm. *Chief Justice of the Fiscal Court of Appeal.*
HANS-ERIC OVIN, Malmö. *Vice President of Kockums Mekaniska Verkstads AB.*
OSCAR ALM, Sandviken. *Union Representative at the Company.*
EINO HONKAMÄKI, Sandviken. *Union Representative at the Company.*

Executive Vice-Presidents

CARL-ERIC BJÖRKEGREN
LENNART OLLÉN

SECRETARY AND REGISTERED OFFICE
Olle Risholm,
Sandvik AB,
Fack, S-81101 Sandviken,
Sweden

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City Gate House,
39/45 Finsbury Square,
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and The Stock Exchange

TRUSTEE
for the Convertible Bonds
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St. Helen's, 1 Undershaft,
London EC3P 3DQ

REGISTRAR
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Box 7077, 103 82 Stockholm 7

REPORTING ACCOUNTANTS
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Drottninggatan 97, 104 30 Stockholm

STATUTORY AUDITORS
Arne Henrikson Folke Koraen
Sigurd Löfgren
Authorised Public Accountants.

LEGAL ADVISERS

to the Company
Örjan Nordvall,
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Fack, S-81101 Sandviken

Norton, Rose, Botterell & Roche,
Kempson House,
Camomile Street, London EC3A 7AN

to the Sponsors
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Sergels Torg 12, Stockholm

Linklaters & Paines,
Barrington House,
59/67 Gresham Street, London EC2V 7JA

SECTION I THE SANDVIK GROUP

History and Business.—The Company's business was founded in 1862 by Göran Fredrik Göransson who was the first person successfully to apply the Bessemer process for the conversion of pig iron into steel on an industrial scale. From the manufacture of tool steel; propeller shafts and locomotive wheels in the early years of its business, the Company had by 1920 progressed to the manufacture of stainless steels and by the early nineteen-forties had started to produce cemented carbide products. Sandvik, which ranks among the major industrial concerns in Sweden, is now, with its subsidiaries, one of the largest manufacturers of cemented carbide products in the world and a leading producer of high-quality special steel products. Cemented carbide is a composite material consisting primarily of tungsten carbide and cobalt. Its characteristic features are a very high degree of hardness and wear resistance combined with a high tensile strength. Cemented carbide production is a highly specialised operation and includes a complex range of chemical, metallurgical and mechanical processes. Sandvik's cemented carbide products are marketed under the Coromant® trade mark.

Sandvik either owns or has minority interests in a number of iron-ore mines in Sweden from which most of its requirements for steel products are supplied. Additional requirements for steel making and the basic raw materials, such as tungsten and cobalt, for cemented carbide products are obtained from Swedish or foreign suppliers as required. To date Sandvik has not experienced any difficulties in obtaining adequate supplies of raw materials nor are any difficulties presently envisaged.

The Company now heads a group of 90 operating subsidiaries, of which 12 are in Sweden and the remainder are in 34 countries abroad. The Group's products are marketed under four main product categories (i) cemented carbide products, (ii) special steel products, (iii) saws and tools and (iv) steel-belt conveyors. Its current product range includes cemented carbide products such as tools for turning, milling and drilling, rockdrilling steels for tunnel driving, ore extraction and construction projects, and wear parts; special steel products in the form of tube, wire and strip such as stainless tubes, razor blade steel, piston-ring steel, stainless welding wire, and canning tubes for nuclear reactors; woodworking and metalworking tools for industrial, craft and leisure or domestic use; and steel conveyor belts and complete conveyor installations.

The figures below, which are based on Sandvik's annual reports, summarise the development of the Group in the last ten years and should be read in conjunction with Section VII below:—

Development of the Group 1967-1976

Skr. million unless otherwise stated

	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Group Invoiced Sales.. ..	962	1,066	1,339	1,601	1,692	1,744	2,390	3,383	3,667	3,909
% outside Sweden	83	85	86	86	85	88	88	87	86	87
Profit (Note 1)	40	71	128	220	146	72	199	476	495	355
Earnings per share (Skr.) (Note 2)	2	5	9	15	10	5	13	30	31	21
Dividend per share (Skr.) (Note 2)	1.95	1.95	1.95	2.60	2.60	2.60	3.45	3.95	4.60	5.05
Total Assets (Note 3)	1,355	1,415	1,698	2,113	2,411	2,708	3,168	3,694	4,639	5,537
Shareholders' equity (Note 4)	439	453	505	657	672	658	861	973	1,287	1,629

Notes:—
(1) After calculated depreciation and financial earnings and expenses but before non-recurring items, special allocations and taxation.
(2) Adjusted for capital increases effected to date.
(3) Before deducting long-term liabilities, minority interests and current liabilities.
(4) Shareholders' equity includes 44 per cent. of the Group's untaxed reserves throughout the whole of the 10 year period (see Section VII (1)).

While the Group's development has historically been based on its position as a manufacturer of special steel products, it was recognised by management many years ago that over-dependence on the steel sector would make the Group particularly vulnerable to the world trade cycle. Accordingly, as a matter of policy, an increasing proportion of new investment was directed towards diversification (both by internal development and by acquisition) into new product lines, which it was hoped would offer protection against the cyclical swings associated with steel production and lead to greater profitability.

The sharp decline in profitability in 1971 and 1972 (at which time sales of special steel products represented approximately 41 per cent. of total sales) coincided with the first significant post-war recession in the steel industry. The subsequent recovery in 1973 and 1974 reflected an increased demand for all products of the Group and in particular for the Group's cemented carbide products. A further worldwide steel industry recession led to a downturn in profits for 1976, but its impact on the profitability of the Group was mitigated by the contribution of the cemented carbide product group.

The following table, which presents a breakdown of Group sales and profits for the five years to the end of 1976, illustrates the effect of the diversification policy, and shows that the relative contribution of cemented carbide products (both in terms of sales and profits) has substantially increased.

	Sales 1972	1973	1974	1975	1976	Profits 1972	1973	1974	1975	1976
	Skr. million									
Cemented carbide products	723	1,033	1,513	1,746	1,775	81	134	269	339	275
Special steel products ..	721	959	1,325	1,313	1,272	(19)	30	147	111	32
Saws and tools	196	275	383	432	684	3	20	38	16	28
Steel belt conveyors ..	82	99	132	150	157	7	15	22	29	20
Miscellaneous	22	24	30	26	21					
Totals	1,744	2,390	3,383	3,667	3,909	72	199	476	495	355

Note:
Profits are profits after calculated depreciation and financial earnings and expenses but before non-recurring items, special allocations and taxation. Profits for the years 1973-1976 are as published in the annual reports of Sandvik. The profits for 1972 are taken from internal management accounts.

Sales and Marketing.—The markets outside Sweden are of prime importance to Sandvik; in 1976 sales outside Sweden accounted for 87 per cent. of total sales. The following table shows sales during the years ended 31st December, 1975 and 1976, geographically and by product group:

Skr. million

	Cemented Carbide Products 1975	1976	Special Steel Products 1975	1976	Saws and Tools 1975	1976	Steel Belt Conveyors 1975	1976	Totals 1975	1976
Europe	1,195	1,206	893	827	309	342	99	93	2,496	2,468
Sweden	196	182	183	179	99	107	10	9	488	468
EEC	755	785	466	437	161	179	73	65	1,455	1,461
Other countries	244	239	244	211	49	56	16	19	553	549
USA and Canada	121	141	209	235	54	58	30	35	414	474
Latin America	105	132	78	83	25	30	4	6	212	251
Africa, Asia and Australasia	325	296	133	127	44	49	17	23	519	495
Totals	1,746	1,775	1,313	1,272	432	684	150	157	3,641*	3,888*

*Excludes Skr. 26 million in 1975 and Skr. 21 million in 1976 in respect of miscellaneous sales.

Since 1947, the Group's rockdrilling equipment has been marketed (except for a small proportion which is sold direct by Sandvik to certain customers in Sweden) exclusively by Atlas Copco AB, one of the largest companies in the world in the field of air compressors and pneumatic machines and tools. Sales by Atlas Copco under these arrangements during the year ended 31st December, 1976 accounted for some 9 per cent. of total Group sales for that year.

A major factor in the success of the Group's marketing operations is the Group's ability to provide service facilities and deliver promptly from stock in all its markets through its system of computerised stock control, the maintenance of local inventories and the coverage of those markets by sales outlets. The Company also pays particular attention to a constant review of customers' needs in terms of new and improved products of consistent quality.

Subsidiaries, Associated Companies and Trade Investments.—The Group's policy is to concentrate on the manufacture of specialised high quality products. In order to meet the increasing international demand for its products and to facilitate marketing and supply it has, in addition to its domestic subsidiaries and sales offices, established or acquired 55 subsidiaries with production facilities outside Sweden. In 1976 foreign subsidiaries accounted for approximately 50 per cent. by value of the Group's output, including approximately 50 per cent. by value of its cemented carbide production.

A table containing summarised information relating to operating subsidiaries and associated companies is set out in Section IX below.

The book value of investments in companies outside the Group at 31st December, 1976 amounted to Skr. 338.5 million. The largest single investment is the Company's 15 per cent. holding of the share capital of Krångede AB which is valued in the Company's balance sheet at Skr. 290.7 million. Krångede AB is one of Sweden's largest privately owned power generating companies and the principal supplier of power for Sandvik and Sandvik currently takes approximately 15 per cent. of its total production. The other principal shareholders of Krångede AB are the City of Stockholm, Fagersta AB and Korsnäs-Marma AB, who have interests of 37 per cent., 15 per cent. and 15 per cent. respectively.

Research and Development.—The importance which Sandvik attaches to the improvement of existing products and the development of new specialised products is illustrated by the fact that some 950 people are employed in research and development. During the last 5 years expenditure on research and development has been equivalent to 4 to 5 per cent. of Group sales. It is Sandvik's policy to write off all such expenditure as incurred. The research and development programme is carried out mainly in Sandviken and Stockholm. The Company maintains close contact with scientific and research institutions and with its customers' own technologists.

Patents and Licences.—The Company's policy is to seek patent protection for its inventions in its most important markets. At present Sandvik has obtained or applied for patents in various countries for some 200 inventions. Patents for products and processes which Sandvik does not wish to use in its own activities are wherever possible transferred to licensees. Although the Company derives advantages from its patents, it does not believe the expiry of its patent rights in any of its fields of activity would materially impair the competitive status of its products since the majority of its patented processes are being continually improved in the light of manufacturing experience.

Property and Equipment.—The Group owns all of its factory, warehouse and office premises in Sweden and, with minor exceptions, those in all its locations elsewhere. The total book value of the Group's land and buildings at 31st December, 1976 was Skr. 814 million. The Group's buildings are insured against fire at their estimated replacement cost, which at that date was Skr. 1,463 million.

The Group attaches great importance to ensuring that its equipment and machinery are kept fully up to date. The book value of machinery and equipment at 31st December, 1976 was Skr. 528 million, which compares with their estimated replacement cost for fire insurance purposes at the same date of Skr. 3,407 million.

Capital Investment.—Investment in property, machinery and equipment and in Company acquisitions amounted to Skr. 444 million in 1976, of which Skr. 123 million represented Company acquisitions. Of the total, Skr. 193 million was spent in Sweden and Skr. 251 million abroad. Capital investment during 1977 is expected to amount to approximately Skr. 340 million of which approximately Skr. 190 million will be in Sweden and Skr. 150 million abroad.

In 1977 investments within Sweden include an expansion of the cemented carbide manufacturing facilities at Gimo, and, at Sandviken, a new cold rolling mill and new office premises for the cemented carbide division. In the United States, Sandvik Inc. is constructing a new factory for the manufacture of welding electrodes. The main Canadian subsidiary, Sandvik Canadian Limited, has moved from Montreal to new office and warehousing facilities in Toronto. Additions are being made to production facilities in Germany and new offices and warehouses are under construction in Norway. The cemented carbide manufacturing facilities in the United Kingdom, Brazil and India are also being enlarged.

Directors.—The Company's Articles of Association provide that the Board of Directors shall consist of not less than five, nor more than seven members and a maximum of five deputy members who are appointed at the Annual General Meeting in each year for a period of one year. In addition two members and two deputy members may be appointed by the employees of the Company.

Administration, Staff and Management.—The Company's administrative headquarters and most of its production facilities are located in Sandviken, some 200 kilometres north of Stockholm. At 31st December, 1976 the Group employed approximately 28,000 people of whom approximately 14,000 were employed by subsidiary companies outside Sweden. Almost all of the Group's employees in Sweden are members of recognised trade unions. Sandvik has a long tradition of good relations with its trade unions.

The overall control of policy and management of the Company is vested in its Board of Directors. Within this control, the execution of the Board's decisions and day-to-day administration of the Company's activities are entrusted to the President and Chief Executive, Mr. Arne Westerberg, who is assisted by two Executive Vice-Presidents, Mr. Carl-Eric Björkegren (Finance and Administration) and Mr. Lennart Ollén (Production), together with four Divisional Managers respectively responsible for the Group's four main product divisions.

Mr. Arne Westerberg, who is 60 years old, is a mining engineering graduate from the Royal Institute of Technology, Stockholm. He joined the Company in January 1967 and became President and Chief Executive in the same year. Previously he had been Managing Director of Halmstads Järnverk AB, a privately owned steel company. Mr. Carl-Eric Björkegren, who is 57 years old, is a Bachelor of Science in Economics and has been employed by the Company for 24 years. Mr. Lennart Ollén, who is 56 years old, is a mining engineering graduate from the Royal Institute of Technology, Stockholm, and has been employed by the Company for 29 years.

The Secretary of the Company is Mr. Olle Risholm.

Working Capital

The Directors are of the opinion that, taking into account the net proceeds of the issue of the Bonds and bank facilities available to the Group, the Group has adequate working capital for its present requirements.

SECTION II DESCRIPTION OF SHARE CAPITAL OF SANDVIK

Share Capital

The Articles of Association provide that the share capital of Sandvik shall be not less than Skr. 515 million and not more than Skr. 1,545 million, represented by shares of Skr. 100 nominal value. The Company may not issue more than 9,650,000 Series A (ordinary) Shares ("A Shares") in total or more than 5,800,000 B Shares in total until the Articles of Association are altered in that respect.

All the A Shares and the B Shares confer equal rights of participation in the Company's assets and profits. All A Shares confer one vote per share and all B Shares confer one-tenth of a vote per share (see "Voting Rights" below).

Under Swedish law, if a company's articles permit persons who are not citizens of the Kingdom of Sweden and/or certain entities to own or acquire 40 per cent. or more of the share capital or 20 per cent. or more of the voting rights, that company may not acquire certain interests in land in Sweden without permission from the appropriate governmental authority. Accordingly, Swedish company law allows companies to provide in their Articles that certain shares may be designated as "restricted shares". Persons, associations and foundations not of Swedish nationality and certain Swedish associations and corporate entities, cannot be registered as beneficial owners of restricted shares acquired by subscription or purchase or in exchange for securities, property, goods or services. Shares not so restricted are called "free shares". Free shares may not at any time be issued in a number exceeding the limits mentioned above.

Following a bonus issue of B Shares in May, 1977 the issued and fully paid share capital of the Company is:

	No. of Shares	%	% of Votes
Restricted A Shares ..	6,616,619	84.13	94.79
Free A Shares ..	265,158	3.37	3.80
Free B Shares ..	983,111	12.50	1.41
	7,864,888	100%	100%

Pre-emption Rights

Under Swedish law existing shareholders have the prior right to subscribe to further issues of shares in proportion to their holdings unless the Articles of Association provide otherwise or unless the resolution for the issue itself so provides. Further, where no such resolution is passed, the pre-emption right operates in favour only of those shareholders who hold the shares which were already in issue at the date when the new issue is authorised and does not extend to shares issued thereafter, e.g. by conversion of bonds, even though such shares are issued prior to the date of record for the purposes of the new issue.

While the Articles of Association provide that the A Shares and the B Shares rank *pari passu* as regards rights of participation in the Company's assets and profits, it is permissible on the occasion of a rights issue or a bonus issue for the Company, subject to the shareholders so resolving, to distinguish between the two classes of share by issuing either one class of share by way of rights to holders of both A Shares and B Shares, or to issue further A Shares to the holders of the existing A Shares and further B Shares to the holders of the existing B Shares, and the same alternatives are available on the occasion of a bonus issue.

Dividends

Under Swedish law, only the shareholders may authorise the payment of dividends and such authority is limited (*a*) by reference to profits and distributable reserves available at the end of the year in respect of which the dividend is to be paid and (*b*) by reference to the recommendation of the Directors. Thus, there is no power under Swedish law for interim dividends to be paid on account of a year for which accounts have not yet been prepared and the normal practice in Sweden is for dividends to be paid once a year only. Since the Accounts have to specify the total amount to be paid by way of dividend, shares issued after the date when the Directors have decided on their recommendation cannot qualify to participate in the dividend in question. It is the practice of the Directors of Sandvik to decide upon their recommendation in respect of the preceding year in the first half of March in each year.

Meetings of Shareholders

An Annual General Meeting of shareholders must be held within six months after the end of each financial year. The Company's practice is to hold the Meeting on the first Friday in May which is a business day in Sweden. At this Meeting, the Company's Accounts have to be submitted and the shareholders resolve upon the dividend which may not exceed the amount recommended by the Directors. The Directors may convene an Extraordinary General Meeting at any time, on not less than two weeks' written notice, and must do so if so required by notice in writing from one or more shareholders holding at least one-tenth of the shares.

To be entitled to attend a General Meeting of shareholders, shareholders must inform the Company of their wish to attend no later than the date specified for that purpose in the notice of Meeting, being not earlier than five days before the Meeting. A shareholder may attend and exercise his rights at a General Meeting either personally, or by a duly appointed proxy.

Voting Rights

Under Swedish law a voting list of those persons who have given notice of their intention to attend a meeting is prepared. Only shareholders on the voting list who attend the meeting personally or by proxy may vote at that meeting. Any resolution is first put to the meeting for an oral vote. The chairman may, and if requested by any shareholder present in person or by proxy must, immediately thereafter put the resolution to the meeting for decision by the votes cast by the shareholders on the voting list. As mentioned above, all A Shares confer one vote per share and all B Shares confer one-tenth of one vote per share, fractions of a vote being disregarded. At a General Meeting of shareholders no one may exercise voting rights for the account of himself or others in respect of shares aggregating more than one-fourth of the shares represented at the Meeting. Resolutions are passed by a simple majority of votes cast, save for:

(i) resolutions which restrict the transferability of shares, or modify class rights, or limit the number of shares for which a single shareholder may vote, or which deal with certain other special matters, in which cases a minimum quorum and a larger majority, or in some cases unanimity, is required;
(ii) resolutions which alter the Articles of Association in other respects, for which a majority consisting of at least two-thirds of the shares represented and of the votes cast is required.

In addition the Swedish Companies Act contains certain other protections for a shareholder's rights.

Registration

All issues of shares have to be registered with the Patent-och Registreringsverket ("PRV") and until the PRV issues a certificate of increase the share capital is not effectively increased. However, on the certificate being issued, the issue of shares is effective as from the date of registration of the shares in the Company's register of shareholders which, in the case of B Shares arising on conversion of Bonds, will be the Conversion Date.

The register of shareholders is kept by Värdepapperscentralen VPC AB ("VPC"), a company which is recognised under Swedish company law and which carries out the duties of registrars for nearly all Swedish companies listed on the Stockholm Stock Exchange. Transfers are treated as effective as of the date of lodgement for registration. Dealings (for deferred delivery) in the new B Shares will commence on the first business day after the Conversion Date.

Only one person may be registered as the holder of a share, joint holders not being permitted.

SECTION III INTERIM RESULTS AND PROFIT FORECAST

The following is an extract from the text of the Interim Report of Sandvik for the six months ended 30th June, 1977:—

"Sandvik Group Activities First Half-Year 1977

After a slack 1975, the Group's order intake began to rise again at the end of that year and early in 1976. This rise has continued, and order intake for the first half of 1977 totalled Skr. 2,199 million, which is 15 per cent. up on the corresponding period in 1976 (Skr. 1,918 million). Invoiced sales rose by 13 per cent. to Skr. 2,166 million (Skr. 1,917 million).

The improvement in order intake is expected to continue during the second half of the year. Invoiced sales for 1977 as a whole are expected to rise by 15 per cent. to approximately Skr. 4,500 million (Skr. 3,909 million). Employment at the Parent Company was kept constant during the first half of the year, which means that a government stockpiling grant will be awarded for this period as well. The personnel strength of the subsidiary companies has also been kept more or less unchanged.

There has been a continuing steep rise in costs during 1977. The Group's personnel costs are expected to rise during 1977 by 12 per cent. per capita or approximately Skr. 200 million. At the same time, international competition has limited the possibilities of increasing product prices. Consequently profits will not rise in step with invoiced sales. The result is estimated at Skr. 350–375 million, or roughly the same as for 1976. The result for the Steel Division, however, will be unsatisfactory. The table below shows the results for the first half year together with a forecast for the whole of 1977.

Invoiced Group sales

By market regions	1977 1st Jan.–30th June Skr. million	1976 1st Jan.–30th June Skr. million	Change %
Europe ..	1,399	1,200	+17
Sweden ..	221	217	+ 2
EEC ..	846	725	+17
Other countries ..	332	258	+29
USA and Canada ..	378	373	+ 1
Latin America ..	130	116	+12
Africa, Asia and Australasia	259	228	+14
Group totals ..	2,166	1,917	+13

By product groups	1977 1st Jan.–30th June Skr. million	1977 % of Invoiced Group sales	1976 1st Jan.–30th June Skr. million	1976 % of invoiced Group sales	Change %
Cemented carbide products	1,054	49	858	45	+23
Steel ..	685	31	625	33	+10
Saws and Tools ..	348	16	355	18	− 2
Steel-belt conveyors ..	79	4	79	4	± 0
Group totals ..	2,166	100	1,917	100	+13

Group Results

	1977 1st Jan.–30th June	1976 1st Jan.–30th June	Forecast for 1977	Actual for 1976
	Skr. million			
Invoiced sales	2,166	1,917	4,500	3,909
Government stockpiling grant	11	—	40	60
Cost of production, sales and administration	−1,752	−1,565	−3,750	−3,235
Trading profit before depreciation	425	352	790	734
Calculated depreciation	−115	−102	−240	−218
Trading profit after depreciation	310	250	550	516
Financial earnings and expenses, net	−94	−74	−200	−161
Profit before non-recurring earnings and expenses, appropriations and taxes	216	176	350	355
Net profit in Skr. per share after 1977 bonus issue			21.—	21.—

Costs are generally higher during the second half of the year than during the first half. In addition to this, personnel costs in Sweden increased as of 15th May following the new pay settlement. The increased costs cannot be offset by increased product prices.

These projected results imply a return of 10 per cent. on the capital employed in 1977 as compared with 11 per cent. in 1976.

Basis and Assumptions relating to the Profit Forecast

The forecast made by the Directors of Sandvik of the profit before non-recurring earnings and expenses, special allocations and taxes of Sandvik and its subsidiaries for the year ending 31st December, 1977 was that such profits would be between Skr. 350-375 million as stated in the extract from the text of the Interim Report above. Such forecast incorporated results shown by unaudited accounts for the six months ended 30th June, 1977 and was made on the basis of rates of exchange for foreign currencies in effect on 30th June, 1977 and on the assumptions that during the remainder of the year ending 31st December, 1977:—

(i) The Group as at present constituted would remain substantially unchanged.

(ii) There would be no significant changes within the territories in which the Group operates:—

(a) in the rates of exchange of overseas currencies;

(b) in the general economic and trading conditions; or

(c) in the latest known rates of taxation assessable on profits and dividend remittances to Sweden or of customs duties.

(iii) Trading results would not be materially affected by industrial disputes affecting the Group or its suppliers or by government action or any other influences beyond the control of the Group.

Since the publication of the forecast on 17th August, 1977, the Swedish kronor has been devalued by approximately 10 per cent. The Directors have reviewed the profit forecast in the light of this recent devaluation and have taken account of unaudited management accounts for the eight months to 31st August, 1977, which show that invoiced sales for the Group to that date amounted to Skr. 2,851 million (1976—Skr. 2,514 million) and are in line with the budgeted sales included in the forecast. The Directors of Sandvik are satisfied that the net effect of such devaluation does not require any revision to be made to the forecast previously announced.

Reports on the Profit Forecast

The following are copies of letters which have been received by the Directors of Sandvik relating to the profit forecast for the year ending 31st December, 1977:—

To the Directors of Sandvik Aktiebolag — Stockholm, 2nd November, 1977

Gentlemen,

We have reviewed the accounting bases and calculations for the forecast of profit before non-recurring earnings and expenses, special allocations and taxes (for which the Directors are solely responsible) of Sandvik Aktiebolag and its subsidiaries (the "Group") for the year ending 31st December, 1977 as set out in the Advertisement dated 2nd November, 1977.

The forecast includes results shown by unaudited accounts for the six months ended 30th June, 1977.

In our opinion, the forecast, so far as the accounting bases and calculations are concerned, has been properly compiled on the footing of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully,

DELOITTE, HASKINS & SELLS AB

To the Directors of Sandvik Aktiebolag — London, 2nd November, 1977

Gentlemen,

We refer to the Advertisement dated 2nd November, 1977 which contains a forecast of profit before non-recurring earnings and expenses, special allocations and taxes of Sandvik Aktiebolag and its subsidiaries (the "Group") for the year ending 31st December, 1977. We have discussed with Directors and officers of your company the bases and assumptions on which the forecast has been made.

We have also considered the letter dated 2nd November, 1977 from Deloitte, Haskins & Sells AB regarding the accounting bases and calculations underlying the forecast.

Having regard to the accounting bases and calculations reviewed by Deloitte, Haskins & Sells AB, and to the assumptions mentioned in the Advertisement, we consider that the forecast, for which you as Directors are solely responsible, has been prepared after due and careful enquiry.

Yours faithfully,

For CREDIT SUISSE WHITE WELD LIMITED

A. F. Raikes

Director

SECTION IV INFORMATION RELATING TO SANDVIK SHARES

The following table sets out details of increases in the share capital of Sandvik during the period from 1st January, 1972 to date:—

Date	Details	Amount of issue Skr.	Amount of capital outstanding after issue Skr.
June, 1973	967,750 (ordinary) Shares of Skr. 100 par value each (1 for 3 bonus issue)	96,775,000	387,100,000
June, 1975	1,290,333 (ordinary) Shares of Skr. 100 par value each (1 for 3 bonus issue)	129,033,300	516,133,300
June, 1976	1,720,444 (ordinary) Shares of Skr. 100 par value each (1 for 3 bonus issue)	172,044,400	688,177,700
June, 1977	983,111 B Shares of Skr. 100 par value each (1 for 7 bonus issue)	98,311,100	786,488,800

Sandvik Shareholders

At 31st August, 1977 there were approximately 21,000 shareholders in Sandvik of which approximately 20,000 held less than 500 shares each. At the same date Investment AB Kinnevik held 906,408 A Shares and 92,982 B Shares; Korsnäs-Marma AB held 862,003 A Shares and 123,145 B Shares; and Svenska Handelsbankens Pensionsstiftelse held 342,758 A Shares and 48,966 B Shares.

The beneficial holdings of Sandvik shares by the Directors and Deputy Directors (including holdings of their wives and their children under the age of 18 and of companies controlled by them) are as follows:—

Directors	A Shares	B Shares	Deputy Directors	A Shares	B Shares
Ragnar Sundén	20	5	Sten Edström	1,780	254
Lennart Magnusson	14,473	1,810	Carl-Gustaf Klingspor	2,884	412
Jan H. Stenbeck	36	5	Gustaf Hedborg	19	[illegible]
Arne Westerberg	7,148	1,022	Hans-Eric Ovin	34	5
Nils Landqvist	14				
Sigvard Bahrle	4,5[illegible]	652			
Harry Stake					
Börje Kvarfordh	7	1			

Apart from Investment AB Kinnevik and Korsnäs-Marma AB, both of which are public quoted companies, and Svenska Handelsbankens Pensionsstiftelse, the Board is not aware of any holding of five per cent. or more of the share capital.

Ragnar Sundén, Jan H. Stenbeck, Arne Westerberg and Nils Landqvist, Directors of Sandvik and Carl-Gustaf Klingspor, a Deputy Director of Sandvik, are also Directors of Investment AB Kinnevik and Korsnäs-Marma AB.

Price Range of Sandvik Shares

The following table shows, for the period 1st January, 1967 to 27th May, 1977, the reported highest and lowest dealing prices of the Sandvik shares as published in the Stockholm Stock Exchange Official List and the corresponding prices after adjustment for all bonus issues to date. There were no issues other than bonus issues during that period.

	Price per Share Skr.	Adjusted Price per Share Skr.
1967	240/182	59/45
1968	312/170	82/42
1969	355/206	87/51
1970	365/178	94/66
1971	320/178	118/[illegible]
1972	407/317	150/117
1973	366/175	135/86
1974	365/200	130/98
1975	368/183	168/104
1976	355/225	233/159
1977 (to 27th May)	273/225	239/197

The following table presents the reported highest and lowest dealing prices for the A Shares from 30th May, 1977 and the B Shares from 20th June, 1977, when dealings in the B Shares commenced on the Stockholm Stock Exchange:—

1977 Week commencing	Price per A Share Skr.	Price per B Share Skr.
30th May	227/223 (ex bonus)	—
6th June	226/220 (ex bonus)	—
13th June	225/210 (ex bonus)	—
20th June	222/220	222/220
27th June	220/211	216/211
4th July	212/211	212/211
11th July	216/213	216/213
18th July	215/211	No bargains
25th July	210/208	210/208
1st August	210/208	210/207
8th August	215/213	214/214
15th August	220/214	220/214
22nd August	225/220	225/219
29th August	235/228	232/228
5th September	230/221	230/222
12th September	231/225	231/225
19th September	230/225	230/225
26th September	230/227	230/227
3rd October	230/226	230/226

Dividends

Sandvik has paid annual cash dividends without interruption since 1871. The following table sets out the dividends paid in respect of the ten financial years ended 31st December, 1976:—

Year ended 31st December	Number of Shares ranking for Dividend	Cash Dividend per Share Skr.	Total Cash Dividends paid Skr. '000	Dividend per Share adjusted for bonus issues
1967	1,935,500	8.00	15,484	[illegible]
1968	1,935,500	8.00	15,484	[illegible]
1969	1,935,500	8.00	15,484	[illegible]
1970	2,903,250	7.00	20,323	[illegible]
1971	2,903,250	7.00	20,323	[illegible]
1972	2,903,250	7.00	20,323	[illegible]
1973	3,871,000	7.00	27,097	[illegible]
1974	3,871,000	8.00	30,968	[illegible]
1975	5,161,333	7.00	36,129	[illegible]
1976	6,881,777	5.75	39,570	5.03

SECTION V THE SWEDISH STOCK MARKET

Membership of the Stockholm Stock Exchange comprises twelve commercial banks and six registered brokerage firms. At the beginning of each business day the members meet formally and the market is conducted on a call over basis. The list of equity securities, at present comprising 126 ordinary and 14 preferred stocks of 97 companies, is formally read over and bids and offers from round lots are indicated by members. To the extent that bids and offers are matched, bargains are automatically effected. When bids and offers for a particular stock no longer match, the highest bid and the lowest offer indicated are recorded as the official bid and offer prices, and the proceedings continue with the next stock in the list. The formal proceedings terminate when the entire list has been called over. Thereafter dealings take place between members of the Stock Exchange off the Stock Exchange floor.

After the close of business each day, the Stock Exchange publishes an Official List which contains the volume of recorded transactions in each listed stock, together with the highest and lowest recorded transaction prices during the day. However, since members are not required to report to the Stock Exchange any bargains effected outside the Stock Exchange, the official Stock Exchange statistics, taken by themselves, do not give an accurate reflection of the actual volume of business. An accurate impression of the volume of business (though not of the turnover in any given security) can be obtained from statistics published by the Swedish Bank Inspection Board, to whom copies of all contract notes, whether of bargains inside or outside the Stock Exchange, must be submitted.

Brokerage commission is charged to both buyer and seller for all transactions in listed equity securities at the rate of 0.45 per cent. of the consideration involved, subject to a minimum commission of Skr. 30 per transaction. In addition there is a stamp duty payable on transactions in Sweden of Skr. 0.30 per Skr. 100 of the consideration involved, which is normally split equally between buyer and seller. Settlement is on the fourth business day after a transaction, except that, in the case of sellers resident outside Sweden, the Stock Exchange allows settlement thirty days after a transaction. Contract notes are issued on the same day as the relevant transaction.

The following table sets out the turnover and market value of shares listed on the Stockholm Stock Exchange. Column (a) contains the total of transactions through banks and brokers, and column (b) contains the proportion of these transactions which were officially reported to the Stock Exchange.

	(a) Through banks and brokers	(b) On the Stockholm Stock Exchange	(c) Market value of listed shares at year end	(d) Column (a) as a percentage of Column (c)
	Skr. million	Skr. million	Skr. million	
1970	1,849	708	23,968	7.7
1971	2,692	1,062	28,352	9.5
1972	4,147	1,602	32,920	12.6
1973	4,928	2,034	32,134	15.3
1974	5,130	2,111	33,456	15.3
1975	5,244	2,061	42,655	12.3
1976	6,161	2,147	43,831	14.1

Sources:
(a) *The Swedish Bank Inspection Board.* (b) *The Stockholm Stock Exchange Yearbook.* (c) *The Stockholm Stock Exchange Yearbook.*

The following table illustrates the volume of recorded transactions on the Stockholm Stock Exchange in shares of Sandvik during the years 1967 to 1976. It should be noted that the turnover figures in column (d) below include only those transactions which were required to be reported to the Stock Exchange.

	(a) Number of Shares listed at year end	(b) Price at year end Skr.	(c) Market capitalisation at year end Skr. million	(d) Number of Shares traded on the Stock Exchange
1967	1,935,500	191	369.7	34,230
1968	1,935,500	207	400.6	41,095
1969	1,935,500	341	660.0	59,495
1970	2,903,250	237	688.1	45,488
1971	2,903,250	311	902.9	78,513
1972	2,903,250	320	929.0	71,435
1973	3,871,000	200	774.2	72,296
1974	3,871,000	207	801.3	116,778
1975	5,161,333	240	1,238.7	119,909
1976	6,881,777	239	1,644.7	96,938

Sources:
Sandvik annual reports 1970-1976. The Stockholm Stock Exchange.

SECTION VI TAXATION AND EXCHANGE CONTROL IN SWEDEN

Taxation in Sweden

Bonds

Under Swedish tax laws currently in effect there is no withholding tax on interest and premium, nor are any Swedish taxes payable on conversion or redemption of bonds. Consequently, Bondholders who are non-residents of Sweden and are not for any other reason subject to Swedish income tax will not be liable to Swedish tax on any payment of interest or premium, or on conversion or redemption, or on capital gains in respect of any of the Bonds, by reason of ownership of any Bond or coupon.

Shares

There are no Swedish taxes payable on the distribution of shares free of payment by way of a bonus issue.

Generally non-residents of Sweden are subject to a Swedish withholding tax on dividends paid by a Swedish corporation. In the absence of any applicable tax treaty the rate of the withholding tax is 30 per cent. Sweden has tax treaties with certain countries under which the rate of withholding tax is reduced to the rate per cent. indicated for each country as follows:—Austria 10 per cent., Belgium 15 per cent., Canada 15 per cent., Denmark 15 per cent., The Federal Republic of Germany 15 per cent., Finland 10 per cent., France nil, Italy 15 per cent., Japan 15 per cent., The Netherlands 15 per cent., Norway 15 per cent., Spain 15 per cent., Switzerland 5 per cent., United Kingdom 10 per cent., and United States of America 15 per cent.

Gains derived from the sale of shares by non-residents of Sweden are treated in the same way as gains derived from the sale of Bonds.

Exchange Control

The B Shares, in common with all Swedish VPC-registered shares, may at present be freely sold in Sweden by non-residents and the proceeds freely transferred out of Sweden in any convertible currency.

SECTION VII

(1) INTRODUCTION TO THE FINANCIAL STATEMENTS

The accounts of the Group have been drawn up on the historical cost basis modified by the inclusion of the revaluation of certain property and investments in accordance with Swedish law and accounting principles and, except in certain respects referred to below, in conformity with international accounting standards currently in force. In certain important respects Swedish accounting principles differ from those customarily followed in, for example, the United States of America or the United Kingdom. The major differences in accounting principles result from Swedish income tax laws which permit special allocations from profit before tax to untaxed reserves. The initial effect of such allocations is to defer income tax.

Untaxed Reserves

The untaxed reserves referred to in the balance sheets consist of accumulated special allocations relating to Group companies in Sweden reflected in the profit and loss accounts and notes to the balance sheet as follows:

Stock reserves. In Sweden, as a rule, a maximum of 60 per cent. of the year-end value of stocks after deductions for obsolescence, may be allocated to the stock reserves shown in the balance sheets.

Investment reserves. In Sweden a maximum of 40 per cent. of profit before taxes after adjustment for certain special allocations may be transferred to investment reserves. An amount equal to 46 per cent. of such allocation must be deposited in a non-interest-bearing "blocked" account with Sveriges Riksbank. With government approval, the investment reserves may be utilised in the construction of buildings and for the purchase of machinery and equipment. Of the amount authorised by the government to be used for such purposes, 46 per cent. may be withdrawn from the account with Sveriges Riksbank. Following the purchase of such an asset a transfer is made from investment reserves to accumulated depreciation of an amount equal to all or part of the cost of the asset and the basis for tax depreciation of the asset is reduced accordingly.

Other reserves. This heading includes a special investment reserve and a working environment reserve which were special allocations made in respect of the financial year 1974 and function in a manner similar to the investment reserves. A reserve for currency translation fluctuations which may arise on consolidation is also included under this heading.

Group companies in Sweden have over a number of years accumulated substantial untaxed reserves which would represent additional shareholders' equity except to the extent that they may be regarded as a deferral of income tax. This deferred tax liability could be incurred if such untaxed reserves were restored to income. To include the untaxed reserves as shareholders' equity a deduction of 56 per cent. is made as an estimate of income taxes that would currently be payable if such untaxed reserves were restored to taxable earnings. In view of projected future capital investments of the Group in Sweden and projected stock levels, Sandvik expects that payment of these taxes will continue to be deferred for the foreseeable future. No amount has been included in shareholders' equity in respect of the accumulated additional allowable depreciation mentioned in the Notes to the Financial Statements.

Group Accounting Policies

Principles of consolidation. The consolidated accounts include the results of Sandvik and those companies in which Sandvik (directly or indirectly) owns more than 50 per cent. of the voting share capital. Equity accounting for associated companies is not permitted under the Swedish Companies Act.

Following the enactment of the Swedish Companies Act of 1975, the Swedish Authorised Public Accountants Association published a recommendation to Swedish companies to change the method of consolidation in respect of the treatment of the income of subsidiaries earned prior to the date of acquisition from the commonly used method of consolidation in Sweden, which is similar to the "pooling of interest method", to the "purchase method" of consolidation.

Sandvik adopted for the first time the purchase method of consolidation for the Group accounts prepared for the year ended 31st December, 1975 and re-stated for comparative purposes the figures relating to the year ended 31st December, 1974. The figures for 1971, 1972 and 1973 have not been re-stated.

The basic difference between the two methods of consolidation is the accounting treatment of a subsidiary's retained earnings which had been earned prior to the date of acquisition. Under the purchase method of consolidation currently used pre-acquisition reserves and profits are not included in the retained earnings figures of the Group whereas for the years prior to 1974 pre-acquisition reserves and profits were taken direct to the retained earnings of the Group.

The effect of this change in the basis of accounting in the re-stated Consolidated Profit and Loss Accounts for the year ended 31st December, 1974 was to decrease Group net profit from Skr. 135.1 million (as shown in the published audited figures for 1974) to Skr. 127.5 million (as shown in the Consolidated Profit and Loss Accounts appearing below). Whilst the exact effect on the reported results for the years ended 31st December, 1972 and 1973 has not been determined, a restatement of the results for those years would not give rise to a change in the reported figures for Trading Profit before depreciation of fixed assets in either year and the net profits in those years would not be materially different from those shown in the Consolidated Profit and Loss Accounts below.

Premium on acquisition of shares of subsidiaries. The Group accounting policies for consolidation since 1974 give rise to an adjustment to the book value of certain assets of an acquired subsidiary. The difference between the cost of the subsidiary's shares and the adjusted book value of the net assets of the subsidiary is shown in the Group's balance sheet as Premium on acquisition of shares of subsidiaries, and this premium is written off at the rate of 10 per cent. per annum.

Depreciation. Calculated depreciation of fixed assets is provided on the basis of straight-line percentage rates (based on the estimated useful lives of the assets concerned) applied to the gross estimated replacement cost (based on governmental indexes) of the respective assets. Swedish tax authorities allow yearly rates of depreciation for taxation purposes of 20 per cent. on acquisition cost or 30 per cent. on written down tax value in the case of machinery and equipment, and 4 to 6 per cent. on acquisition cost in the case of buildings. The Swedish tax legislation requires tax depreciation to be recorded in the financial accounts and accordingly the difference between tax depreciation and calculated depreciation is treated as a special allocation in the Consolidated Profit and Loss Account.

Valuation of stock and work in progress. Stock and work in progress are valued on a first-in first-out basis at the lower of cost and net realisable value, except in respect of certain subsidiaries incorporated in jurisdictions where other methods are customarily used. The effect of these exceptions are considered to be immaterial. Cost includes the appropriate proportion of production overheads.

Translation of foreign currencies. With respect to each company in the Group assets in foreign currencies are translated at the lower of the rate ruling when the asset was acquired and the year-end rate; current liabilities are translated at the higher of the rate ruling when the liability was incurred and the year-end rate; exchange profits arising on the translation of long-term liabilities are not accrued at the year-end but exchange losses are taken into account by dividing the total calculated loss arising at the year-end by the number of years that the debt will remain outstanding and accruing one year's loss so calculated. In preparing Group accounts the results, assets and liabilities of subsidiaries outside Sweden are translated into kronor at the rates ruling at the year-end.

Statutory capital reserves. Swedish legislation provides that at least 10 per cent. of net profits of each Swedish company for each accounting period must be appropriated to Statutory capital reserve until such reserve equals 20 per cent. of each company's issued share capital. The Statutory capital reserves are not distributable as cash dividends.

Research and development. Expenditure on research and development is written off as incurred.

Fixed assets. Property is included at cost or, at the Directors' option, up to an amount not higher than a valuation determined by the tax authorities which is 75 per cent. of open market value. Investments, other than investments in subsidiaries, are included at cost or as valued by the Directors at their assessment of maintainable value. Any surpluses so arising may be used, either to meet necessary write-downs of other fixed assets, or to make bonus issues of shares.

Taxation. Provision is made in the accounts for the estimated tax liability based on the profits liable to tax in that year.

International Accounting Standards

The financial statements comply with international accounting standards currently in force except in the following respects:—

(i) Associated companies—equity accounting for associated companies is not permitted under the Swedish Companies Act and accordingly no consideration has been given as to whether any of the associated companies listed in Section IX below fall within the definition of associated companies set out in the international accounting standard.

(ii) Depreciation—calculated depreciation is provided for in the Consolidated Profit and Loss Accounts as indicated above under "Depreciation". However, for taxation reasons, an adjustment is made under Special allocations in order to adjust the total depreciation charge in the Consolidated Profit and Loss Account in each year to the amount of depreciation that is allowed for tax purposes in that year. The net book value of an asset acquired may be reduced by the transfer from Investment reserves to Accumulated depreciation of an amount equal to all or part of the cost of the asset. Depreciation for tax purposes is computed on the cost of the asset as reduced by the amount of any such transfer from Investment reserves. The Investment reserves are built up by transfers from the Consolidated Profit and Loss Account which are shown under the heading Special allocations—transfer to untaxed reserves.

(iii) Special allocations to Untaxed reserves—in arriving at the profit before taxes special allocations to untaxed reserves have been made to secure certain tax benefits.

(2) FINANCIAL STATEMENTS

Consolidated Profit and Loss Accounts for the five years ended 31st December, 1976

	Notes	1972	1973	1974	1975	1976	The Company 1976
		Year ended 31st December, Skr. '000					
Invoiced sales	(1)	1,743,568	2,389,886	3,383,348	3,667,296	3,908,605	1,990,815
Government stockpiling grant	(2)	16,200	—	—	—	59,618	57,979
Cost of production, sales and administration		(1,497,062)	(1,966,236)	(2,634,374)	(2,846,325)	(3,233,934)	(1,596,007)
Trading profit before depreciation of fixed assets		262,706	423,650	748,974	820,971	734,289	452,787
Calculated depreciation based on replacement cost of buildings, machinery, and equipment	(3)	(119,586)	(133,768)	(158,309)	(188,778)	(213,784)	(133,178)
Amounts written off premium on acquisition of shares of subsidiaries		—	—	(4,277)	(1,719)	(4,234)	—
Trading profit after calculated depreciation		143,120	289,882	586,388	630,474	516,271	319,609
Financial earnings and expenses							
Dividends received		1,398	1,444	1,296	1,263	1,132	32,789
Interest received		13,242	18,584	24,905	22,214	24,524	39,078
Interest paid	(4)	(85,944)	(111,026)	(136,992)	(159,042)	(187,236)	(124,531)
Profit after financial earnings and expenses		71,816	198,884	475,597	494,909	354,691	266,945
Non-recurring earnings and expenses							
Profits on disposal of property		955	3,535	2,696	13,980	14,809	1,226
Expenses of share and Bond issues		(733)	(2,064)	(13,257)	(2,128)	(13,449)	(13,326)
Other non-recurring earnings and expenses	(5)	(1,000)	—	(8,872)	(6,319)	—	—
Profit before special allocations and taxes		71,038	200,355	456,164	500,442	356,051	254,845
Special allocations							
Excess (deficit) of calculated depreciation over tax depreciation	(3)	(10,324)	(15,066)	(20,689)	23,572	30,995	30,266
Transfer to untaxed reserves	(12)	(23,158)	(39,279)	(219,753)	(362,407)	(239,822)	(227,418)
Profit before taxes		37,556	146,010	215,722	161,607	147,224	57,693
Taxes	(6)	(19,750)	(47,245)	(83,303)	(76,849)	(64,012)	(6,000)
Net profit earned by the Group		17,806	98,765	132,419	84,758	83,212	
Profit attributable to minority interests		(3,121)	(6,649)	(4,969)	(3,056)	(7,269)	—
Net profit	(11)	14,685	92,116	127,450	81,702	75,943	51,693

Summaries of Consolidated Balance Sheets

	Notes	1971	1972	1973	1974	1975	1976
		At 31st December, Skr. '000					
Fixed assets and long-term receivables	(7)	838,852	903,945	1,114,863	1,136,698	1,417,564	1,737,437
Premium on acquisition of shares of subsidiaries		—	—	—	38,491	11,194	24,952
Current assets		1,572,425	1,804,205	2,053,556	2,519,331	3,209,784	3,774,776
Current liabilities		(705,770)	(746,262)	(878,042)	(1,033,059)	(1,280,820)	(1,330,745)
Net current assets		866,655	1,057,943	1,175,514	1,486,272	1,928,964	2,444,031
		1,705,507	1,961,888	2,290,377	2,661,461	3,357,722	4,206,420
Financed by:							
Share capital	(10)	290,325	290,325	387,100	387,100	516,133	786,489
Reserves	(11)	178,437	161,272	254,987	271,919	337,712	327,092
Statutory capital reserves		72,922	79,593	88,458	102,249	107,753	123,358
Free capital reserves and surpluses brought forward		82,615	66,994	74,413	42,220	148,257	127,791
Net profit for the year		22,900	14,685	92,116	127,450	81,702	75,943
Untaxed reserves	(12)	462,877	468,514	498,398	713,876	984,212	1,170,424
Stock reserves		421,973	435,417	452,893	515,834	831,187	1,048,418
Investment reserves		27,459	30,632	43,617	114,678	78,883	85,238
Other reserves		13,445	2,465	1,888	83,364	74,142	36,768
Minority interests		13,387	18,401	22,034	41,324	44,665	47,397
Long-term liabilities		760,481	1,023,376	1,127,858	1,247,242	1,474,998	1,875,018
Secured loans	(14)	398,405	384,088	459,939	611,678	664,723	609,156
Unsecured loans	(14)	223,360	486,249	492,979	427,932	551,359	971,698
Pension fund provisions	(15)	138,316	153,039	174,940	201,533	243,968	277,233
Other long-term liabilities		—	—	—	6,099	14,698	16,931
		1,705,507	1,961,888	2,290,377	2,661,461	3,357,722	4,206,420

Balance Sheets as at 31st December, 1976

	Notes	The Company Skr. '000	The Group Skr. '000
Fixed assets	(7)	1,777,102	1,737,437
Land and buildings		483,081	814,494
Machinery and equipment		224,865	527,634
Shares and debentures in subsidiaries		413,630	—
Shares and debentures in companies outside the Group		327,103	338,533
Blocked accounts with Sveriges Riksbank		33,486	35,889
Long-term receivables in subsidiaries		279,298	—
Long-term receivables others		15,639	20,887
Premium on acquisition of shares of subsidiaries		—	24,952
Current assets		2,526,860	3,774,776
Bank balances and cash		181,431	331,147
Accounts receivable in subsidiaries		523,151	—
Accounts receivable others		187,003	850,503
Stock and work in progress	(8)	1,635,275	2,593,126
Current liabilities		(701,733)	(1,330,745)
Amounts due to subsidiaries		(25,683)	—
Tax liabilities		—	(52,148)
Accounts payable		(492,767)	(746,513)
Bank loans and overdrafts	(9)	(123,536)	(449,815)
Current portion of long-term debt		(59,747)	(82,269)
Net current assets		1,825,127	2,444,031
		3,602,229	4,206,420
Financed by:			
Share capital	(10)	786,489	786,489
Reserves	(11)	177,964	327,092
Statutory capital reserves		89,975	123,358
Free capital reserves and surpluses brought forward		36,296	127,791
Net profit for the year		51,693	75,943
Untaxed reserves	(12)	1,078,604	1,170,424
Stock reserves		967,000	1,048,418
Investment reserves		76,297	85,238
Special investment reserves		15,912	15,912
Working environment investment reserves		19,395	20,856
Minority interests		—	47,397
Long-Term liabilities		1,559,172	1,875,018
Secured loans	(14)	480,269	609,156
Unsecured loans	(14)	853,322	971,698
Pension fund provisions	(15)	225,581	277,233
Other long-term liabilities		—	16,931
		3,602,229	4,206,420

Statement of Source and Application of Funds

The following statement sets out the source and application of funds for the Group for the years ended 31st December, 1975 and 1976:—

	1975 Skr. million	1976 Skr. million
Source of Funds		
Cash flow from operations		
Profit after financial earnings and expenses	494.9	354.7
Add: Calculated depreciation	188.8	213.8
Amounts written off premium on acquisition of shares of subsidiaries	1.7	4.2
Total cash flow generated from operations	685.4	572.7
Funds from other sources		
Sales of fixed assets	25.8	19.9
Excess of book value of net assets of subsidiaries acquired over cost of shares therein	25.6	—
Decrease in long-term receivables	—	1.5
Decrease on balances in the blocked accounts with Sveriges Riksbank	—	14.8
Increase in short and long-term loans	261.9	419.2
Increase in pension fund provisions and long-term liabilities	51.0	35.5
Exchange differences arising on translation of foreign currencies at year-end rates of exchange and other sundry items	7.9	[illegible]
	1,057.6	1,064.8

	1976 Skr. million	1975 Skr. million
Application of Funds		
[illegible]	357.0	379.7
[illegible]		18.0
[illegible]	6.5	—
Increase in investments in shares and debentures outside the Group	34.3	—
[illegible]	13.1	3.2
[illegible]	—	72.5
[illegible]	3.4	13.4
Tax paid	76.0	81.8
[illegible]	0.6	1.8
Dividends paid to minority shareholders	31.0	36.1
Increase in working capital	528.7	552.1
	1,057.6	1,083.6
Details of increase in working capital		
Increase in stock and work in progress	654.3	514.9
(Decrease) increase in current accounts receivable	(19.2)	84.8
Increase in accounts payable and short-term liabilities	(161.7)	(12.9)
Increase (decrease) in liquid assets	54.8	(34.7)
	528.7	552.1

(5) NOTES TO THE FINANCIAL STATEMENTS

(These notes refer to the Group accounts)

(1) Invoiced sales represent sales to third parties and exclude value added tax.

(2) Government stockpiling grants received in 1972 and 1976 represented subsidies received from the Swedish government given to Swedish companies to maintain employment by manufacturing for stock.

(3) The total depreciation provided for taxation purposes comprises:—

	1972	1973	1974	1975	1976
			Skr. '000		
Calculated depreciation	[illegible]	[illegible]	158,309	[illegible]	213,784
Special allocation	20,304	15,066	20,689	(23,572)	(30,995)
Total for depreciation	229,910	143,856	178,998	165,206	182,789
Based on:					
Depreciation on historical cost	213,651	121,295	143,294	159,323	174,670
Additional allowable depreciation	16,259	22,561	35,704	5,883	8,119
	229,910	143,856	178,998	165,206	182,789

(4) Interest paid comprises:—

	1972	1973	1974	1975	1976
			Skr. '000		
On long-term borrowing (more than one year)	45,123	63,818	87,999	101,252	133,162
On short-term borrowing	10,821	47,208	48,993	37,790	53,074
	55,944	111,026	136,992	139,042	187,236

(5) Other non-recurring earnings and expenses comprise:—

	1972	1973	1974	1975	1976
			Skr. '000		
Contribution to Sandvik community centre	1,000				
Special write-down of stock in subsidiary company			8,872		
Cost of relocating French subsidiary's head office				8,910	
Insurance refund				(2,591)	
	1,000	—	8,872	6,319	—

(6) Taxation is based on the profit before tax and includes Swedish national tax at 40 per cent. on that profit as adjusted for investment allowances and local taxes paid in respect of the previous year. Local taxes are at variable rates. Taxes relating to foreign subsidiaries are included at the amounts provided for in the accounts of those companies.

(7) Fixed assets comprise the following:—

	1972	1973	1974	1975	1976
			Skr. '000		
Land and buildings					
Cost	632,306	654,587	736,815	819,740	904,170
Accumulated depreciation on historical cost	(144,004)	(155,355)	(202,494)	(224,493)	(255,482)
	488,302	499,232	534,321	595,247	648,688
Accumulated revaluations	107,613	182,613	182,613	311,646	311,646
Accumulated additional allowable depreciation	(78,100)	(96,600)	(95,540)	(118,221)	(145,640)
	517,815	585,245	621,394	788,672	814,694
Machinery and equipment					
Cost	1,194,966	1,357,210	1,559,931	1,766,649	1,968,932
Accumulated depreciation on historical cost	(594,561)	(678,204)	(769,654)	(839,581)	(987,487)
	600,405	679,006	790,277	927,068	981,445
Accumulated additional allowable depreciation	(280,824)	(299,316)	(348,664)	(436,145)	(453,811)
	319,581	373,690	441,613	490,923	527,634
Unlisted investments in shares and debentures outside the Group (see below)	36,929	48,595	43,367	64,915	338,553
Blocked accounts with Swedish Riksbank	17,091	9,808	4,383	30,739	35,869
Long-term receivables	10,743	5,860	15,939	22,425	20,887
Deferred bond issue expenses written off in 1974	10,300	10,650	—	—	—
Difference between cost and nominal value of shares in subsidiaries	4,203	78,776	—	—	—
	903,945	1,112,863	1,126,698	1,417,564	1,737,437

Investments in certain unlisted shares and debentures outside the Group were written up to Directors' valuation by an amount of Skr. 270,356,000 in 1976. The surplus was applied in issuing bonus shares in 1976 and 1977. Additional allowable depreciation also includes transfers from investment reserves (see Note (12) below).

(8) Stock and work in progress comprise:—

	31st December, 1976 Skr. '000
Raw materials	368,946
Work in progress	1,137,071
Finished goods	1,087,109
	2,593,126

(9) Group bank loans and overdrafts at 31st December, 1976 were secured to the extent of Skr. 107,494,000.

(10) The share capital after taking account of the bonus issue made in 1977 comprises:—

	31st December, 1976 Skr.
6,881,777 Series A (ordinary) Shares of Skr. 100 each	688,177,700
983,111 Series B (ordinary) Shares of Skr. 100 each	98,311,100
	786,488,800

(11) The movements on reserves were as follows:—

	1972	1973	1974	1975	1976
			Skr. '000		
At beginning of year	178,435	161,272	254,987	271,919	337,712
Net profit for year per profit and loss account	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Revaluations of fixed assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bonus issue by subsidiaries	(72,128)	(1,410)	(1,577)	[illegible]	[illegible]
Dividend paid for previous years	(20,323)	(20,323)	(27,097)	(30,968)	(36,129)
Net tax dividends from subsidiaries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exchange differences	(9,616)	6,907	(30,716)	13,903	(48,759)
Bonus issue by parent company	—	(6,775)	—	—	—
Provision [illegible]	—	—	9,735	—	—
Reserves arising on acquisition of subsidiaries	789	24,357	6,591	—	—
	161,272	254,987	320,044	337,712	327,092
Change in accounting policy (see Introduction to Financial Statements)	—	—	(48,125)	—	—
At end of year	161,272	254,987	271,919	337,712	327,092

In addition to the above movements on reserves the following revaluations of fixed assets have been applied directly to the issue of bonus shares to shareholders as follows:—

		Skr. '000
1973	Series A (ordinary) Shares	90,000
1975	Series A (ordinary) Shares	129,033
1976	Series A (ordinary) Shares	172,045
1977	Series B (ordinary) Shares	98,311

(12) The movements on untaxed reserves were as follows:—

	1972	1973	1974	1975	1976
			Skr. '000		
At beginning of year	462,877	468,514	498,398	713,876	984,212
Transfer from profit and loss account	23,158	39,239	219,753	362,407	239,822
Stock reserves	2,115	14,347	67,004	315,312	196,937
Investment reserves	21,043	24,932	82,007	47,095	42,885
Special investment reserves	—	—	30,078	—	—
Working environment investment reserves	—	—	40,664	—	—
Transfer to accumulated depreciation (see below)	(18,428)	(11,759)	(9,082)	(97,347)	(55,670)
Purchased from other companies	—	4,128	—	57	5,216
Exchange differences	907	(1,764)	—	5,212	(18,934)
Sundry adjustments	—	—	4,807	7	15,778
At end of year	468,514	498,398	713,876	984,212	1,170,424

The transfers to accumulated depreciation shown above are in addition to the tax depreciation provided in the Consolidated Profit and Loss Account (see note (3) above).

(13) The following table sets out the dividends paid by the Company in respect of the five financial years ended 31st December, 1976:—

In respect of year ended 31st December	Number of shares ranking for dividend	Cash Dividend Skr. per share	Total Cash Dividends paid Skr. '000
1972 (paid 1973)	2,903,250	7.00	20,323
1973 (paid 1974)	3,871,000	7.00	27,097
1974 (paid 1975)	3,871,000	8.00	30,968
1975 (paid 1976)	5,161,333	7.00	36,129
1976 (paid 1977)	6,881,777	5.75	39,570

It is not Swedish accounting policy to accrue a dividend until it is authorised by the shareholders' Annual General Meeting.

(14) Secured and unsecured loans due by the Group at 31st December, 1976 consisted of:

Description	Amount Outstanding Skr. '000
Secured Loans	
Swedish kronor 4 % Bonds due 1978	275
Swedish kronor 6 % Bonds due 1978-1982	8,950
Swedish kronor 5½ % Bonds due 1978-1983	14,630
Swedish kronor 6¾ % Bonds due 1978-1985	19,140
Swedish kronor 7 % Bonds due 1978-1986	21,520
Swedish kronor 6½ % Bonds due 1978-1988	34,900
Swedish kronor 7½ % Bonds due 1978-1989	18,950
Swedish kronor 7½ % Bonds due 1978-1990	39,850
Swedish kronor 7¾ % Bonds due 1978-1991	62,200
Swedish kronor 9½ % Bonds due 1978-1991	28,000
Swedish kronor 7½ % Bonds due 1978-1993	67,050
Swedish kronor 8¾ % Bonds due 1978-1995	69,350
French franc 10¼ % Loan due 1981-1991	13,082
U.S. dollar 6-8½ % Loans due 1978-1991	21,563
Sterling 8 % Guaranteed Debenture Stock due 1987-1992	4,200
Other Loans	185,496
	609,156
Unsecured Loans	
Swedish kronor 7¾ % Debentures due 1978-1987	58,550
Swedish kronor 9½ % Debentures due 1978-1991	70,000
Swedish kronor 8½ % Loan due 1978-1983	25,000
Deutsche mark 7½ % Bonds due 1978-1987	117,091
Deutsche mark 9½ % Bonds due 1983	138,832
French franc 10½ % Loans due 1981-1986	13,198
Swiss franc 6¼ % Loans due 1979	16,234
Swiss franc 6¾ % Bonds due 1983-1987	108,232
Swiss franc 6½ % Bonds due 1980-1991	143,560
U.S. dollar 9 % Bonds due 1978-1986	65,726
U.S. dollar 9¼ % Bonds due 1978-1986	125,400
U.S. dollar 10½ % Loan due 1980-1988	16,470
Other Loans	74,405
	971,698

The following table summarises the maturities of the Secured and Unsecured Loans set out above:

	1978	1979	1980	1981	1982	1983/87	1988 and after
			Skr. '000				
Secured Loans	78,895	44,693	45,326	48,252	47,548	213,153	131,289
Unsecured Loans	42,677	59,541	45,920	51,419	55,236	600,489	116,416
	121,572	104,234	91,246	99,671	102,784	813,642	247,705

(15) Pension fund provisions comprise supplementary amounts set aside to provide for the actuarial liability for employees' pensions.

(16) Capital expenditure approved by the Board of Directors up to 31st December, 1976 but not provided for in the above balance sheets amounted to approximately Skr. 330 million (the Company Skr. 170 million).

(17) There were contingent liabilities at 31st December, 1976, including guarantees given other than in the normal course of business amounting to Skr. 29.1 million (the Company Skr. 266.1 million). The difference between these amounts mainly consists of the Company's guarantees to banks in respect of subsidiary companies.

SECTION VIII REPORTING ACCOUNTANTS' REPORT

To the Directors of Sandvik Aktiebolag

Mr. Sigurd Löfgren, independent authorised public accountant and a partner in this firm, has audited the accounts of Sandvik Aktiebolag (the "Company") for the five years ended 31st December, 1976 and has reported thereon in accordance with the law and practice in Sweden.

We have reviewed the financial statements set out in Section VII of the Advertisement dated 2nd November, 1977 which comprise the introduction to the financial statements, the consolidated profit and loss accounts of the Company and its subsidiaries (the "Group") for the five years ended 31st December, 1976, the profit and loss account of the Company for the year ended 31st December, 1976, the summarised consolidated balance sheets of the Group at 31st December, 1971 to 1976, the balance sheets of the Company and of the Group at 31st December, 1976 and the statement of source and application of funds for the Group for the years ended 31st December, 1975 and 1976, together with the notes relating thereto, which are based on the accounts of the Company and the Group as audited by Mr. Sigurd Löfgren.

The accounts comply with International Accounting Standards currently in force except in certain respects as indicated under International Accounting Standards in Section VII (1) of the Advertisement.

In our opinion these accounts have been prepared on the basis of the accounting policies set out in Section VII (1) of the Advertisement being the accounting policies normally adopted in Sweden, which, except for the change in the basis of accounting for acquired subsidiaries in 1974, referred to in the accounting policies, have been consistently applied throughout the period, and on that basis the financial statements fairly present the state of affairs of the Group at 31st December in each of the years 1971 to 1976 and of the Company at 31st December, 1976, the profit of the Company for the year ended 31st December, 1976 and the profits for the five years ended 31st December, 1976 and the source and application of funds for the two years ended 31st December, 1976 of the Group.

No audited accounts have been made up by the Company or any of its subsidiaries in respect of any period subsequent to 31st December, 1976.

Stockholm, 2nd November, 1977.

DELOITTE, HASKINS & SELLS AB

STATUTORY AUDITORS' REPORT

To the Directors of Sandvik Aktiebolag

In our capacity as auditors of Sandvik Aktiebolag we have reviewed the financial information of the Sandvik Group set out in Sections I to VII of the Advertisement dated 2nd November, 1977. The profit and loss accounts, the balance sheets and the statement of source and application of funds are based on audited accounts. The information given therein in our opinion fairly presents the position of the Group.

Stockholm, 2nd November, 1977.

ARNE HENRIKSON SIGURD LÖFGREN FOLKE KORAEN

Authorised Public Accountant

SECTION IX GROUP COMPANIES

The following table contains the names and geographical locations of the operating subsidiaries and associated companies in the Group, together with an indication of their various activities, as of 30th September, 1977. Where no production activity has been indicated, the company has a marketing function only.

All subsidiaries are wholly-owned unless otherwise stated.

	Cemented Carbide Products: Cutting Tools/Wear Parts	Cemented Carbide Products: Rockdrilling Products	Special Steel Products	Saws and Tools	Steel Belt Conveyors
EUROPE					
Austria					
Sandvik in Austria Ges.m.b.H., Vienna	o				o
Seco Hartmetall Ges.m.b.H., Vienna (65%)					
Belgium					
Sandvik S.A. (Belgium) N.V., Brussels	o				
S.A. Seco Tools Benelux N.V., Braine d'Alleud (65%)					
Denmark					
A/S Sandviken, Copenhagen	o				
Seco Tools A/S, Copenhagen (65%)					
Finland					
Suomen Sandvik Oy, Helsinki	o			o	
France					
Sandvik S.A., Orléans	o				
Le Burin S.A., Paris		o			
Micor S.A.R.L., Paris					
Ets. Safety S.A., Paris	o				
Sandvik Broussaud S.A., Limoges				o	
Sandvik Conveyor S.A., Paris					o
Sandvik Siametir S.A., Paris	o				
Seco Tools France S.A., Bourges (65%)	o				
Italy					
Sandvik Italia S.p.A., Milan	o		o[1]	o	
Sandvik Conveyor S.p.A., Milan					o
Seco Tools Italia S.p.A., Guanzate (65%)	o				
Wimet Italia S.p.A., Turin					
The Netherlands					
Sandvik Nederland B.V., Schiedam	o				
Sandvik Conveyor Benelux B.V., Raamsdonksveer					o
Sandvik Stanssystemen B.V., Bladel				o	
Norway					
Sandvik Norge A/S, Oslo					
Micor A/S, Oslo					
Portugal					
Sandvik Portuguesa Lda, Lisbon					o
Obergne-Limas e Mecanica Lda, Oporto				o	
Spain					
Sandvik Española S.A., Madrid	o	o		o	o
Resistel S.A., Barcelona			o[2]		
Sweden					
Edsbyns Industri AB, Edsbyn				o	
Guldsmedshytte Bruks AB, Storå			o[2]		
AB Kronsågar, Lidköping				o	
E.G. Larssons Hårdmetall AB, Norrköping (65%)	o				
Micor AB, Laholm				o	
Sandvik Conveyor AB, Sandviken					o
Sandvik Stanssystem AB, Halmstad				o	
Sandvik Svenska Försäljnings AB, Stockholm	o				
Seco Tools AB, Fagersta (65%)	o				
Stjärnverktyg AB, Norberg (65%)	o				
AB Svenska Specialverktyg, Örebro	o				
C.O. Öberg & Co:s AB, Eskilstuna				o	
Switzerland					
Sandvik (Schweiz) A.G., Zürich	o				
Santrade Ltd, Lucerne					
United Kingdom					
Sandvik Ltd, Birmingham	o		o[4]		
The Alston Tool & Gauge Co. Ltd., West Drayton	o				
Carbide Gauge & Form Tools Ltd, Cannock	o				
Diagrit Grinding Co. Ltd, Staplehurst	o				
Fagersta Seco Ltd, Alcester (65%)					
Micor Ltd, Sheffield				o	
Sandvik Conveyors Ltd, Birmingham					o
Sandvik Die Systems Ltd, Blackburn					
Wimet Ltd, Coventry	o	o			
West Germany					
Sandvik GmbH, Düsseldorf	o		o[4]		
Micor GmbH & Co KG, Mörfelden				o	
Sandvik Conveyor GmbH, Stuttgart					o
Seco Tools GmbH, Erkrath (65%)	o				
NORTH AMERICA					
Canada					
Sandvik Canadian Ltd., Mississauga, Ont.	o	o			
Disston (Canada) Ltd., Acton, Ont.				o	
Sandvik Conveyor Canada Ltd., Montreal					o
United States					
Sandvik, Inc., Fair Lawn, N.J.	o	o	o[4]		
Disston Inc., Pittsburgh, Penn.				o	
The Micor Corporation, Chicago, Ill.					
Sandvik Conveyor, Inc., Fair Lawn, N.J.					o
Öberg Corporation, Muskegon, Mich.					
LATIN AMERICA					
Argentina					
Sandvik Argentina S.A.C. e I., Buenos Aires	o			o	o
Brazil					
Sandvik do Brasil S.A. I. e C., São Paulo	o	o	o[1]	o	
Sandvik Conveyor-Ind. e Com. Lda, São Paulo					o
Chile					
Sandvik Chilena Lda, Santiago					
LATIN AMERICA (continued)					
Colombia					
Sandvik Colombia S.A., Bogota					
Sandvik Herracort S.A., Bogotá (70%)	o				
Mexico					
Sandvik de México S.A. de C.V., Mexico City	o	o			
Micor de México S.A. de C.V., Chihuahua					
Peru					
Sandvik del Perú S.A., Lima					
Venezuela					
Sandvik Venezuela C.A., Caracas				o	
AFRICA					
Kenya					
Sandvik East Africa Ltd., Nairobi					
South Africa					
Sandvik (Pty) Ltd, Benoni	o	o	o[1]	o	o
C.E. Hultquist (Pty) Ltd., Johannesburg	o				
Micor Saw & Tool Co. (Pty) Ltd., Elandsfontein				o	
Zambia					
Sandvik (Zambia) Ltd., Ndola		o			
ASIA					
Hongkong					
Sandvik Hongkong Ltd, Hongkong				o	
India					
Sandvik Asia Ltd, Poona (60%)	o	o			
Japan					
Sandvik Japan K.K., Kobe	o				o
Nihon Sandvik Seizo K.K., Semine	o				
Seco Tools Japan K.K., Tokyo (65%)					
Malaysia					
Sandvik Malaysia Sdn. Bhd., Kuala Lumpur				o	
Philippines					
Sandvik Philippines Inc., Manila				o	
Singapore					
Sandvik Singapore Private Ltd., Singapore	o			o	
Turkey					
Sandvik Istanbul Ticaret Ltd Sti., Istanbul					
AUSTRALASIA					
Australia					
Sandvik Australia Pty. Ltd., Sydney	o	o	o[1]		o
Wimet Australia Pty. Ltd., Moorabbin	o	o	o		o
New Zealand					
Sandvik New Zealand Ltd., Pakuranga					
ASSOCIATED COMPANIES					
Australia					
Titan Fagersta Pty. Ltd., Newcastle (32.5%)					
Kenya					
Sansaws Kenya Ltd, Nairobi (40%)				o	
Sweden					
Bäckegruve AB, Riddarhyttan (25%)[6]					
AB Bröderna Ekbergs Verkstäder, Örnsköldsvik (33%)			o[1]		
Uddsan AB, Storfors (50%)			o[1]		
USA					
Landalloy, Inc., Livermore, Cal. (33%)	o				
Saeger Carbide Corporation, Saegertown, Penn. (50%)	o				
Sandvik Special Metals Corp., Kennewick, Wash. (50%)			o[5]		

[1] Manufacture of tube products
[2] Manufacture of wire products
[3] Manufacture of pig-iron, ingot moulds etc.
[4] Manufacture of tube and strip products
[5] Manufacture of special products for nuclear power industry
[6] Iron-ore mine

The following additional information relates to those subsidiaries of Sandvik whose contribution to Group sales is 5 per cent. or more:—

Name of Company	*Year of Incorporation*	*Country of Incorporation*	*Issued Capital*	*Percentage held by Group*
Sandvik S.A.	1923	France	FF 35,000,000	100
Sandvik Svenska Försäljnings AB	1973	Sweden	Skr. 5,000,000	100
Seco Tools AB	1973	Sweden	Skr. 60,000,000	65
Sandvik GmbH	1957	West Germany	DM 22,500,000	100
Sandvik, Inc.	1963	New Jersey, U.S.A.	$ 13,000,000	100
Disston Inc.	1970	Penn., U.S.A.	$ 2,100,000	100

SECTION X GENERAL INFORMATION

1. The listed price per B Share of Sandvik on The Stock Exchange will be for Shares of Skr. 100 each and will be expressed in sterling. Transactions in sterling will be at prices which will include the investment currency premium and transactions in kronor will be at prices which will not include such premium. All transactions will normally be effected for settlement on the fifth dealing day after the day of the transaction.

2. The B Shares will, for United Kingdom Exchange Control purposes, be foreign currency securities as defined in Exchange Control Notice E.C.7 (Second Issue) as amended.

3. To the best of the knowledge of the Directors of the Company, no litigation or claim of material importance is pending or threatened in respect of any company in the Group.

4. The Articles of Association of the Company require that the remuneration of the Directors be fixed by the shareholders at each Annual General Meeting. The Articles of Association do not contain any provisions with respect to the power of a Director to vote on a proposal, arrangement, or contract in which he is materially interested but Swedish company law provides that the Board of Directors may not enter into legal transactions or undertake other measures which are likely to give an undue advantage to a shareholder or a third party to the detriment of the Company or other shareholders. Neither the Articles of Association nor Swedish company law contain any provision limiting the amount which the Directors may borrow on behalf of the Company or requiring Directors to retire on attaining any particular age. There are no service agreements between the Company and any of the members and deputy members of the Board of Directors. The emoluments of the members and deputy members of the Board of Directors in respect of the year ended 31st December, 1976 amounted to Skr. 696,000. There have been no changes since 1st January, 1977 in the basis of remunerating the members and deputy members of the Board of Directors.

5. The following contracts, which are or may be material, have been entered into within the two years preceding the date hereof:

(i) the Subscription Agreement dated 27th October, 1977 between the Company (1) and Hambros Bank Limited, Svenska Handelsbanken, Credit Suisse White Weld Limited, Skandinaviska Enskilda Banken, Dresdner Bank Aktiengesellschaft, Commerzbank Aktiengesellschaft, Kidder, Peabody International Limited, Amsterdam-Rotterdam Bank N.V. and Crédit Lyonnais (2), relating to the issue of $35,000,000 6½ per cent. Convertible Bonds due 15th March, 1988;

(ii) Trust Deed dated 27th October, 1977 between the Company (1) and Commercial Union Assurance Company Limited (2) constituting the said Bonds;

(iii) the Subscription Agreement dated 13th April, 1976 between the Company (1) and Svenska Handelsbanken, Credit Suisse White Weld Limited, Hambros Bank Limited, Skandinaviska Enskilda Banken and Dresdner Bank Aktiengesellschaft (2), relating to the issue of $30,000,000 9¼ per cent. Bonds 1986;

(iv) Trust Deed dated 27th April, 1976 between the Company (1) and Hambros Bank Executor & Trustee Company, Limited (2) constituting the said Bonds;

(v) Agreement dated 16th December, 1976 between a consortium of banks managed by Svenska Handelsbanken (1), and the Company (2), relating to a multicurrency credit for $25,000,000 1977–1984; and

(vi) the tender offer dated 2nd February, 1976 in respect of the acquisition of Disston Inc.

6. (a) No share or loan capital of the Company, or any of its subsidiaries, is under option or agreed conditionally or unconditionally, to be put under option.

(b) No issue of shares will knowingly be made which could effectively alter the control of the Company or the nature of its business without prior approval of the shareholders in general meeting.

(c) No material issue of shares (other than of B Shares arising on conversion of the Bonds) will be made within a period of one year from the date hereof, otherwise than to shareholders *pro rata* to their existing holdings, without the prior approval of shareholders in general meeting.

(d) Save as disclosed herein:—

(i) No commissions, discounts, brokerages or other special terms have, within the two years preceding the date hereof, been granted in connection with the issue or sale of any capital of the Company or any of its subsidiaries.

(ii) No share or loan capital of the Company or any of its subsidiaries has, within the two years preceding the date hereof, been issued or is presently proposed to be issued.

(iii) Neither the Company nor any of its subsidiaries has any life or long-term service agreements outstanding.

(iv) No Director of the Company has any interest, direct or indirect, in any assets which have been, within the last two years, acquired or disposed of by, or leased to, the Company or any of its subsidiaries, or are proposed to be so acquired, disposed of or leased.

(v) No Director of the Company is materially interested in any contract or arrangement which is significant in relation to the business of the Company and its subsidiaries, taken as a whole.

7. Deloitte, Haskins & Sells AB and Arne Henrikson, Folke Koraen and Sigurd Löfgren have given and not withdrawn their written consents to the issue of this document with the inclusion therein of their Reports in the form and context in which such Reports are included. Deloitte, Haskins & Sells AB and Credit Suisse White Weld Limited have given and not withdrawn their written consents to the issue of this document with the inclusion therein of their respective letters in the form and context in which they are included.

8. The following documents or copies thereof may be inspected at the offices of Norton, Rose, Botterell & Roche, Kempson House, Camomile Street, London EC3A 7AN during usual business hours for a period of 14 days from the date of this document:—

(i) certified translations of a certificate of the registration and the Articles of Association of the Company;

(ii) the English text of the audited Report and Accounts of the Company for the six years ended 31st December, 1976;

(iii) the Offering Memorandum dated 27th October, 1977 relating to the issue of the $35,000,000 6½ per cent. Convertible Bonds due 15th March, 1988;

(iv) the contracts mentioned in paragraph 5 above; and

(v) the Report of Deloitte, Haskins & Sells AB, the Report of the Statutory Auditors and the letters from Deloitte, Haskins & Sells AB and Credit Suisse White Weld Limited and their above-mentioned consents.

Dated 2nd November, 1977.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Experimental solar power station

LAND-LOCKED Austria is as seriously threatened by energy shortages as most of its European neighbours and is seeking alternatives with some success.

At the Technical University of Vienna, Institute of Electrical Engineering, Professor Hans Kleinrath has designed what is in effect a small-scale solar power station and it is planned to start full technical development of the unit.

As projected, the plant would have capacity to provide either ac or dc in sufficient amounts to run lighting equipment, domestic appliances, and light machinery and a thermal storage unit would give a 24-hour coverage.

The solar station has two circuits; the first, heated from parabolic mirrors which automatically follow the sun, contains water and/or steam and runs at a temperature of 135 degrees C. This circuit transfers its energy to a second circuit which is filled with Frigen refrigerant fluid either in liquid form or as vapour in the area of the turbine unit.

The turbine drives a generator which can be arranged to produce a mix of current as required.

The prototype has been tested extensively already and in a period of about nine hours in mid-summer at the Vienna site produced 75 kWh.

Particular attention has been paid in the design to extreme simplicity and reliability so that the generator should practically run itself once switched on. Maintenance is minimal and easy and the developers see the power unit as one which will be ideal for remote areas and in the developing nations.

Already, Saudi Arabian representatives have shown considerable interest in Professor Kleinrath's work and several enquiries have been received from countries and organisations in tropical and sub-tropical zones.

Greater use of waste heat urged

Seventy five to 90 per cent. of heat normally wasted in hot flue furnace gases can now be recovered for re-use by modern, inexpensive techniques according to Mr. Alan Campbell, technical director of Acoustics and Envirometrics.

Mr. Campbell, who was speaking at the Fulmer Research Institute to a meeting of members of the Institute of British Foundrymen yesterday, described the various types of recovery equipment now on the market of which, he said, the rotating wheel heat exchanger is the device most commonly used in foundries.

Although its exploitation in the U.K. was still only embryonic owing to this country's slowness in implementing available conservation measures, industry was at last becoming aware of its tremendous potential.

Dealing specifically with the Munters' Wheel or Econovent which was developed in 1959 in the Swedish laboratories of Carl-Munter, Mr. Campbell said these units varied in diameter from between two feet and 13 feet, handling 500 to 40,000 cfm.

The matrix was reminiscent of a roll of corrugated cardboard with air passages about 1/16th inch diameter and 10-12 inches long (the wheel thickness).

The material used was an inorganic fibrous paper which is bonded together, raised in a kiln to a temperature of 500 degrees C and then soaked and coated with lithium chloride, a bacteriostatic substance.

When the exhaust air containing the heat passed through the matrix in the appropriate segments, the sensible heat which formed the greater part of the enthalpy of the air in high-temperature furnaces, was absorbed by the support material.

The lithium chloride attracted to itself the water vapour containing the latent heat. As the wheel, driven by a small electric motor, rotated between two contra flowing air streams the segments passed the heat into the opposing air stream in a continuous process.

Mr. Campbell concluded by saying that the proper application of heat recovery appliances could not only make significant reductions in energy wastage, but paid for themselves within a very short space of time.

● HAND TOOLS

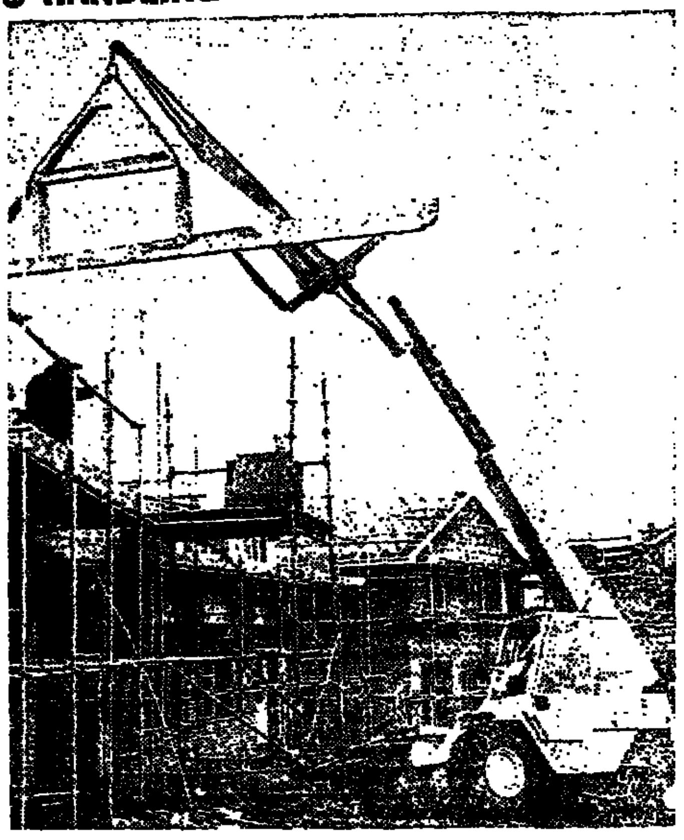
Removes the solder

REPAIR of printed circuit boards involving removal and replacement of components, especially integrated circuits, has never been a simple task due to the problem of the resultant solder getting into unwanted places.

A solution is provided by Ped-a-Vac, made by Pace Inc. and offered in the U.K. by Electrautom, Queens Road, Maidstone, Kent (0622 673131).

It makes use of a hollow heated bit through which air is drawn by means of a foot-controlled vacuum generator working from available shop air. A high flow rate of air provides rapid solder removal and quick cooling. The temperature of the tip can be adjusted. The result is that air is drawn through the plated hole, across the pads and around the leads, sucking the solder away and cooling these areas to prevent re-sweating of the lead.

● HANDLING



Extra reach of 4 metres (13 ft.) is provided by an extension jib and hook fitted to this JCB 520 telescopic handler. As shown here, this gives the facility to raise awkward materials, such as trusses, to roof level.

Lifting and shifting

INADEQUATE materials handling on building sites is blamed for much of the wastage in bricks, timber, tiles and other materials. It is said the value of the wastage is sufficient on a ten-house site to pay for an 11th house. J. C. Bamford Excavators, of Rocester (Staffs.) has come forward with a versatile telescopic handler called the JCB 520 TH which reduces wastage appreciably, judging from extensive field trials.

Like the excavator/loaders, the 520TH is designed for rugged reliability and, in fact, uses major components from these JCB machines. The boom has a three-point anchorage for stability and safety, and is located over the rear steerable wheels. It is made of stress-relieved welded box section steel and the design is based on a 3G loading of structural components.

With a maximum load of 2.25 tonnes and at the full height of 21 feet the reach is 3 feet. The reach increases to a maximum of 5 feet 9 inches at less than full height with full load. Average building site loads are around one tonne, and at this loading the reach is 10 feet 8 inches, just over a foot less than absolute maximum reach of 12 feet. The JCB 520 is priced at just under £14,000. Production is scheduled to reach 1,000 annually in a year's time to meet an anticipated market of 2,500 immediately, and 4,500 in future.

Cast steel casings help the main unit to withstand static loads of up to 30 tonnes. To avoid transmission of loading stresses the engine and transmission (which incorporates a Brockhouse torque converter), are flexibly mounted, with a sliding prop shaft. There is a one-piece valve block and a single pump system to drive the lifting services.

The cab has received special treatment from the point of view of safety, comfort and ease of control. The roof screen easily comes within the stringent American two-ton drop tests from 5 feet, and bars protect the roof and laminated windscreen. The 520 remains stable at 150 pc of safe working load.

New Yale NER moving mast reach trucks designed for high density warehouse operations are on view at the plant engineering and maintenance exhibition currently at the National Exhibition Centre near Birmingham. They have been designed with the foodstuffs, domestic appliance, textile and other industries especially in mind.

The new trucks are available in both wide and narrow frame, and with 24 inch load centres. Two models have a lifting capacity of 3,500 lb (1,600kg) and two others a capacity of 4,500 lb (2,000 kg).

They are equipped with hydrostatic power steering, solid state control systems, self adjusting brakes and an electronic differential drive system. The steering geometry gives a 180 degree lock. Component accessibility and low maintenance are claimed.

Eaton, materials handling division, Eaton House, Staines Road, Hounslow, Middlesex TW4 5DX.

PETER CARTWRIGHT

● WELDING

Fast production of tube

SUCCESS in a project with a leading West German company has been achieved by Inductron with its high frequency induction welding equipment, designed and built in the U.K.

Using an Inductron unit, engineers from Schumag GmbH produced high quality tube of 10mm outside diameter and 1.1mm wall thickness, leaving an internal upset of only 0.15mm.

The tube was produced and welded at a speed of 60 metres per minute as part of a project to roll, seam weld and draw in a continuous operation. The final product is an 8mm. od tube with a wall thickness of 1.1mm which comes off the line at 80 metres per minute.

In fact the equipment designed to go at the head of the line has two sets of rolls that are quickly interchangeable and can be indexed over so that, with the same line, the user can turn out tube in any chosen dimension from 20mm down to less than 8mm.

Inductron indicates that this is the first time welding equipment of this type has been used on high speed runs and its success with small bore tube disproves claims that induction welders were not suitable for the purpose.

The German application was on steel tube, but the welders are suitable for the majority of ferrous and non-ferrous metals commonly used in industrial applications.

More from the company at Wade Road, Kingsland, Basingstoke, Hants. Basingstoke 24151.

● SECURITY

Quick look with X-rays

DESIGNED IN Belgium by Balteau and already successfully installed in France and Norway, the Bagagix 2 x-ray detection equipment can reveal a weapon behind nine millimetres of steel without damaging photographic film or magnetic tape and without danger to operating personnel.

Bagagix 2 is made up of two units. One houses the baggage conveyor, x-ray equipment, image collecting system with fluoroscopic screen and highly sensitive television camera, while the other is a control desk with a television monitor screen.

Key point about the equipment is that it illuminates each item of baggage for only 1/200th of a second. An instantaneous radioscopic image appears on the fluorescent screen directly below the conveyor belt. This is picked up by the TV camera, memorised electronically and can then be displayed for as long as the operator wishes on the monitor. Furthermore, details of the image can be enlarged up to five times by an electronic zoom. There is no need to stop the conveyor because a number of the "flashed" images can be stored.

The operator can vary the strength of the "shot" to intensify the image of a particular object if need be; he can also vary the speed of the conveyor between 600 and 1200 items of baggage per hour.

An indication of the safeness of the system is that in a test, the company subjected five different types of film in an overnight case to 10 of the x-ray emissions, and no fogging took place. More from Balteau Sonatest, Old Wolverton Road, Milton Keynes, N. Bucks., (0908 316345).

● COMPONENTS

Three-way tipping

TO BE introduced to the British market at the Scottish Motor Show in Glasgow this month (November 11-19) is a range of compact multi-stage rams for the three-way tipping of truck bodies.

The rams can be used to tip the truck bodies to either side, or to the rear. Three-way tipping is useful for deliveries where access may be restricted, while side tipping is being increasingly used for very long bodies which cause stability problems when end-tipped.

Supplied as a ready-to-fit assembly, the ram is housed in a sub-frame, which embodies booms for the side and end tipping pivots, and carries an underfloor tank containing the hydraulic oil. The corner pedestals for fixing to the body have removable locking pins—to provide release according to the choice of tipping direction. Power take-off, multi-cylinder pump, piping, valves and controls (which can be either compressed air or cable) are included.

There are six basic sizes of tipping gear with capacities from 5 to ?? tons—one ram with a ball-end lifts the body near its centre. The rams, which have a maximum operating pressure of 2500 psi, are sufficiently compact to clear the propeller shaft of the chassis.

Two to eight stages are used in the telescopic rams, with closed lengths from 15.9 to 32.3 inches, and strokes from 18.4 to 197.7 inches. The rams are of the displacement type, so that all sections are fully immersed in oil when retracted.

Maximum tipping angle can be pre-set on a trip lever which automatically stops ram extension.

The range is designed and built by Edbro, Lever Street, Bolton, Lancs. BL3 6DJ (0204 28888), and a sister company, Edbro Bodies, has designed the tipping bodies for use with the three-way gear.

● ELECTRONICS

Sound sees hidden defects

SPURRED to some extent by the success of EMI, but also by their considerable expertise in electronics, both Philips of Eindhoven and GEC of the U.K. have unveiled new medical investigation equipment that relies heavily on information processing techniques of an advanced type to achieve novel diagnostic results.

GEC has presented to a convention of the American Institute of Ultrasound in Medicine held in Dallas its Mavis artery and vein ultrasonic imaging system which allows target pinpointing with a tight beam of high-pitched sound, the echoes being translated electronically into a picture on a cathode ray tube.

An arterial fault can be watched by a doctor without discomfort to the patient or any need for the latter to be moved, when GEC's Rita (imaging transducer array) is added to Mavis.

At a radiology convention in Rio de Janeiro, Philips is demonstrating scanning equipment based on X-ray analysis which competes to a degree with the now world-famous EMI scanners. Three completely new units for various applications are shown, together with a group of five ultrasonic imaging units.

One of these has been designed specifically with brain examinations in view and another (Diagnost R) for imaging in obstetrics, in particular, but also in general internal examinations.

A third unit is applicable to cardiac disorders and a fourth for heart and coronary structural examinations.

The last of the units is a general-purpose machine combining most of the abilities of the foregoing and intended to serve as a central hospital unit.

Although neither company has made any indications along these lines, it seems clear that the great improvement in beam control and echo analysis may inevitably have an effect on the design of industrial ultrasonic units.

More from GEC on 01-493 8484; Philips Medical Systems on 01-673 7766.

● MATERIALS

Dielectric launched

WITH FIVE years' research behind them, Rhône-Poulenc of France and ASEA Kabel of Sweden are ready to launch a new, non-polluting dielectric fluid for power capacitors.

It is benzyl neocaprate, a non-chlorinated ester compound with excellent dielectric properties and is highly suitable for impregnation work with capacitors that have to handle high voltages.

The fluid is easily bio-degradable and, so far, toxicity testing has yielded favourable results.

Rhône-Poulenc has decided to go into large-scale production and will market the chemical to the capacitor industry via Prodelec.

Power capacitors with the new impregnant will be marketed by ASEA for delivery world-wide from the beginning of next year.

Meanwhile, full details of the new product will be released at the forthcoming CIGRE Capac... for meeting in Rome on Novem... ber 8.

ASEA and ACEC of Charleroi, Belgium, have agreed to set up a new company in Belgium for capacitor manufacture, with ASEA having a 70 per cent. holding in ASEA Jumet which is capitalised at Bfrs.80m.

Production is to be concentrated on capacitors with the new dielectric.

More from ASEA at Villiers House, 41, Strand, London WC2N 5JX, 01-930 5411.

● INSTRUMENTS

Ultrasound gauges flow

BASED on ultrasonic propagation in the fluid, a flowmeter offered by Siemens has no wearing parts, is maintenance free and can be included in pipelines ranging from 100 to 1200 mm.

Ultrasonic waves are propagated at a fixed angle to the tube axis in opposite directions down the tube and picked up by suitably placed sensors. The flow rate is directly proportional to the difference in frequency between the wave transmitted in the direction of flow and that sent in the opposite direction. The measurement is claimed to be accurate to better than one per cent.; no pressure drop is caused in the pipe.

Main application is expected in water distribution networks, but the device will also be valuable in liquids that are otherwise difficult to measure, for example non-conducting or aggressive substances, dispersion media, and emulsions. More from Siemens AG, Postfach 3240, D-8520 Erlangen 2, West Germany.

APPOINTMENTS VACANT

RESIDENTIAL PROPERTY

COMPANY NOTICES

هكذا من الأحل

The Management Page

EDITED BY CHRISTOPHER LORENZ

Sue Cameron assesses the significance of a promotion at GKN

A radical shift in the balance of power

THE appointment of Mr. Trevor Holdsworth as managing director of GKN marks the end of a three-year interregnum at the giant steel and automotive group.

Since 1974 the post of managing director has lain vacant. Responsibility for the running of the organisation has been vested almost entirely in the hands of one man—Mr. Barrie Heath, the executive chairman. And Mr. Heath seems to have no intention of relinquishing his control over GKN in the foreseeable future.

Yet Mr. Holdsworth, a professional accountant whose promotion was announced last week, will be no puppet king. His task will be to head a new management structure which he himself helped to devise and which involves far more than his own promotion.

In his years with GKN, latterly as one of Barrie Heath's two deputies, Mr. Holdsworth has seen the group's turnover grow from £335m. in the mid-1960s to £2,000m. to-day. It has expanded overseas so that it now operates in Australia, the U.S. and Europe; it has also diversified so that instead of being a largely steel making enterprise, much of its manufacturing effort is now concentrated on a wide variety of finished products.

Trevor Holdsworth

One of the results of this swift and spectacular growth was what Mr. Holdsworth freely refers to as "muddle" at the group's centre. For example, three of GKN's 20 sub-group chairmen also sat on the main Board and they often found themselves faced with conflicting loyalties. Choosing between the interests of the GKN group as a whole and their own spheres of operation was not always an easy task.

Individual sub groups had—and will continue to have—a high degree of autonomy. Yet it was hard for them to co-operate with each other and exchange ideas and information on topics of mutual interest. The necessary machinery just did not exist. The same lack of central co-ordination existed in GKN's top management structure. Policies on finance, personnel, marketing and technology were formulated in a series of separate committees, nearly all of which were chaired by Barrie Heath himself. It seems he was virtually the only permanent and consistent link between the various group executive departments.

But in future there will be only two committees—a chairman's committee and a management committee. The first will bring together all GKN's non-executive directors and it will be chaired by Mr. Heath. It will be a policy making committee, but in some ways will act like an upper legislative chamber, approving, modifying and finalising ideas that come first from the management committee.

The management committee itself will be chaired by Mr. Holdsworth in his new capacity as managing director. GKN's eight executive directors will sit on the committee which will meet once a week—unlike the chairman's committee which will probably meet only monthly.

Each of the eight executive directors will have at least two distinct areas of responsibility and some will have three. Normally each man will be responsible for a GKN product, for a geographical area of operations and, in some cases, for a particular function such as personnel or finance. For instance, Gordon Griffiths, one of the eight, will be concerned with automotive production throughout the group, with all GKN's activities in America and with overall policy on technology.

The executive directors will be responsible to Mr. Holdsworth for their individual areas, as well in their position as committee members. And as individuals they will also continue to be answerable to Mr. Heath.

The eight will include the three men who were formerly both main Board members and sub group chairmen. They have now given up their chairmen's posts so that they will be able to give their undivided attention to central policy.

The effect of Mr. Holdsworth's appointment, and the new management structure that goes with it, will be to strengthen central direction within the GKN group. Up till now there has been a straight chain of responsibility going up from each individual company to the centre. But the various chains of command were kept quite separate from each other and Mr. Holdsworth admits that the people at the centre, who might have taken a broader view, tended to become bogged down in localised problems.

"Too much day-to-day management was being carried out centrally," he says. "If there was a strike at one of our works then an executive director would start worrying about it when really it should have been left to the people on the spot. Those of us who are at the centre shouldn't be bothering about to-day's disasters. We ought to be thinking about the disasters that are likely to happen in six months time—thinking about how we can avoid them.

"One of the main purposes of the management committee will be to bring together all the different aspects of GKN operations that interweave with each other. The new set-up will be much simpler than the old."

Mr. Holdsworth points out that GKN's new structure will not be unique. A number of big industrial concerns, such as ICI and Philips, have been organised on similar lines for some time.

The changes that are taking place at GKN will clearly have a considerable impact on the position of Mr. Heath. Mr. Holdsworth stresses that Barrie Heath will continue to be "very much a working chairman." But it would appear that the net result of the reorganisation will be to reduce Mr. Heath's workload and to divide up some of the responsibility that was once his alone. It seems that the task of running a group of the size and complexity of GKN has become too much for one man—however dynamic he may be.

Mr. Heath is now 61 while Mr. Holdsworth is only 50. The latter's appointment as managing director suggests that he will take over as head of the GKN group when Mr. Heath retires—providing he is successful in his new job.

Asked whether his new post carries with it a hefty pay rise, Mr. Holdsworth is quick to point out that he is fully entitled to a salary increase under the present pay policy. But having expounded on his right to a rise, he admits wryly that he has not actually had one—yet.

PENSIONS and BENEFITS

Why small companies will stay with Big Brother

BY ERIC SHORT

THE NEW State pension scheme imposes upon employers the task of deciding whether employees look to the State or to the company for their pension. The factors that have to be taken into consideration are extremely complex, and not surprisingly there has been a plethora of offers of professional advice to companies from pension consultants, consulting actuaries, life companies and merchant banks. But all these offers have been aimed at the large and medium size employer.

For small companies, however, the advice from all sides has been quite simple and straightforward—stay in the State scheme, it is not worthwhile contracting-out and going it alone. This attitude was summed up in the statement made two weeks ago by Mr. Derek Fellows, group pensions manager of the Prudential Assurance, now Britain's second largest pensions company.

He stated emphatically that the Pru was advising its smaller clients to stay in the State scheme. Of the 4,000 schemes at present on its books, covering 600,000 members, only the 500 largest, with 450,000 members, are being advised to contract out.

The Legal and General Assurance, the largest pensions company and Standard Life, the largest pensions company in Scotland, have both given similar advice.

The impression given by such attitudes is that small companies are not worth bothering with, as regards in-depth pensions advice. This is partly true, despite strenuous denials from the advisers concerned, since the amount of investigations necessary is formidable even for small companies. But in general this advice is sound, since running a company pensions scheme can tie up a large amount of future company resources if things go wrong.

The other point to bear in mind is that costs rise, measured in terms of each member of the scheme, for small schemes. In pensions business, as in many other fields, there are considerable cost savings for bulk. It does seem rather hard that employees with small companies should be denied the choice available to employees in medium and large companies—simply because of size. Yet very little has been done to produce combined schemes which would enable small employers to contract-out and go it alone on similar terms to the larger employers.

Top-up for lump sums

At present, the life companies have confined themselves to issuing topping-up schemes, mainly to provide those lump sum payments on death or retirement that the State scheme does not provide. The Pru has gone much further and produced a topping-up scheme, extremely flexible in operation, that enables employers to add to the pensions paid by the State on a selective basis if need be so that limited resources can be made available to selected individuals instead of being spread over the whole workforce. Employers who have already decided to stay in the State scheme could well look at what the Pru is offering.

But what about the small employer who wants to come out of the State scheme because he feels that he can provide his employees with better benefits? When the previous Conservative Government's pension plans were announced—the famous Keith Joseph State Reserve scheme — there appeared a rash of combined schemes for small employees to contract-out. Where are they now?

The scheme of the Confederation of British Industry offers member employers a choice of contracting-out or staying in but on an individual basis, while the British Institute of Management scheme has confined itself to topping-up State benefits. The various Chamber of Commerce schemes have disappeared without trace apart for one notable exception: that of the Birmingham Chamber of Commerce. And this scheme, devised by Arrow Life, formerly Slater Walker Insurance, offers small employers a genuine choice of contracting-out with the financial savings of a large insured scheme.

This plan, in its contracted-out form offers basic pension benefits of 1¼ per cent., of the average salary during the employee's contracted-out service for each year of employment, revalued for the rise in general level of earnings up to a maximum of one-half of pensionable salary. This is the same format as the State scheme, but the maximum pension is twice that provided by the State.

In addition there is a widow's pension of 50 per cent. of the pension entitlement of the husband should he die before or after retirement. All benefits are preserved if the member leaves the company.

Then on top of this basic element there is what is called the Free Account which enables employers and employees to provide higher benefits. In particular they can provide lump sum payments should the member die in service, but cover has to be at one of a number of fixed monetary levels—£1,000, £2,000 £3,000, £4,000 or £5000. The contributions can be used to augment the pension or provide other benefits.

Financial guarantee

The cost of providing the basic benefit works out on average to be little different from the cost of the State scheme. Thus under this scheme employers can contract-out and provide better benefits than will the State with the financial guarantees provided by a life company. The insurance division of Slater Walker was given a clean bill of health in the scrutiny and the company has used its time in limbo to produce a plan to meet the needs of the small employer.

The scheme can also be used by employers to top-up the State benefits and is open to any member of any chamber of commerce and not confined solely to the Midlands.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Meaning of trading stock

H.M. Inspector of Taxes has disputed a claim by a mushroom farming company for stock relief on his interpretation of trading stock. The argument centred around fuel oil and packing stocks, that is chip baskets, bands and covers, which form a large part of the total stockholding. The Inspector's view is that the "legislation only applies to trading stock" and goes on that although the definition of trading stock includes: "materials such as are used in the manufacture, preparation or construction of any such property, he understands that such materials must be present in the final product in the same way that, for example, timber is present in furniture." What, please, is your view?

The Inspector is certainly wrong about the chip baskets, bands and covers. They are all "property such as is sold in the ordinary course of the trade" and consequently fall within the definitions of trading stock in section 18(9) of the Finance Act 1975, paragraph 16(1) of schedule 10 to the Finance (No. 2) Act 1975, and paragraph 29 (1) of schedule 5 to the Finance Act 1976. Possibly the inspector thinks that the baskets remain the company's property — like beer bottles and certain other returnable containers which are not sold with their contents. In fact (presumably) ownership of the baskets, bands and covers passes to the purchaser simultaneously with the change of ownership of their contents, that is to say the baskets, etc., are sold with their contents.

You should ask the inspector to list the company's appeal for hearing by the Special Commissioners, but it is unlikely that it will go that far.

There is a slight doubt over the fuel oil. The question is whether the "production" of mushrooms (to use your word) constitutes "manufacture, preparation or construction" within the meaning of the Act. We consider that the fuel oil is used in the "preparation" of the property which the company sells, and consequently we think the inspector has misdirected himself on this point also.

The inspector's implied suggestion that the fuel oil would only qualify for stock relief if you poured it over the mushrooms is misconceived.

'Or order' on a cheque

Can you please let me know what significance, if any, the words "or Order" have on a cheque form. Do they have any purpose or use to either the bank or the customer?

The words "or order" are of little consequence to-day. They were formerly (before 1882) required to demonstrate that a bill of exchange was negotiable; but by Section 8(4) of the Bills of Exchange Act 1882 the old rule was changed so as to make a bill an order bill if it was expressed to be payable to order (as before) or if it is only expressed to be payable to a particular person without the words "or order," provided that it does not contain words prohibiting transfer. The only function of "or order" now, therefore, is to demonstrate that the bill is not a bearer bill and to emphasise that it is prima facie negotiable. The omission of the words would not normally affect the character of the document nor would its validity be affected thereby.

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The miners reply

THE national executive of the miners' union decided to ballot its members about the acceptability of the incentive scheme put forward by the National Coal Board—a decision which the Kent branch sought, unsuccessfully, to resist in the courts—in the hope that face workers would be sufficiently attracted by the idea of an immediate bonus of £23.50 a week to give it their support. Whatever the face workers themselves may have felt, however, the membership as a whole have voted down the offer, and by an unexpectedly large majority. This poses a major problem not only for the National Coal Board, whose ambitious capital investment plans must be contingent on the introduction of a satisfactory productivity scheme, but for the Government.

The exemption of self-financing productivity deals from the general guideline, that increases in earnings should not average more than 10 per cent. in the year after the end of Phase Two, was made with the case of the miners principally in mind. Now that the specific deal proposed by the Coal Board to reverse the declining trend of productivity has been so firmly rejected, the union representatives will presumably feel bound to press ahead with the claim put forward at the annual conference last July.

Possible choice

The union negotiators were then instructed to do what they could to get increases ranging up to 90 per cent. for face workers (with correspondingly smaller increases for other grades) with effect from November. Not only are such increases wildly in excess of the Government's target but the granting of any increase in November rather than in March of next year would breach the 12-month rule endorsed by the TUC. There will therefore be pressure put on the miners' leaders by the TUC General Council, and the Coal Board will have to think up an alternative scheme for increasing output. But there is clearly a possibility that the Government will have to choose between risking industrial action by the miners and allowing them to get away with a pay increase that would encourage other strongly-placed groups to argue that restraint had collapsed and that they too were now entitled to join the free-for-all.

It is slightly ironic that this situation should have arisen on the day immediately after the Government finally chose to let the sterling exchange rate float upwards. In fact, the pound lost only a little of its gains after news of the miners' vote. That made its effect more noticeably felt in the gilt-edged market: the sharp fall in equities was probably due to a slightly contradictory mixture of doubts about the risk of a miners' strike and the effect of a higher exchange rate on company profits.

Differences

There are several differences between the present situation and the last occasion on which the miners threatened the country with a choice between massive pay increases and disruptive industrial action. The first, on the debit side, is that the mass of workers are probably less inclined now than then to regard the miners as a special case: their claim is too large and their recent productivity record too poor. On the credit side, at least from the Government's point of view, there are two important differences.

The first is that either a coal strike or a collapse of pay restraint would probably precipitate a general election, in which Labour's chances would be much less favourable than many observers were rating them last week. The miners will therefore be under considerable political pressure. The second point is that, as the decision to float the exchange rate shows, the Government now means to continue with a firm monetary policy. The logic of that is that, if some groups claim more than their share, there will be less left—in terms of either jobs or pay increases—for others. If ministers were to spell this out more clearly, the miners would come under another and perhaps even stronger kind of pressure to use less than their full industrial muscle.

Rules for the State sector

THE GOVERNMENT has now appointed new chairmen for the Post Office and one or two other nationalised boards, it is squaring up to the developing financial crisis in the Steel Corporation, and it will soon have to take a view about the Boyle committee's recommendations for increases in nationalised industry board members' pay. But the most important general issue concerning the nationalised sector with which Ministers are now dealing is the forthcoming White Paper in which they are expected to redefine their relations with these industries and re-establish a framework of financial targets and performance criteria.

Competitive

The need for a proper system of financial targets became inescapable once the restoration of realistic pricing policies enabled most of these industries to return to profitability. For the lack of such criteria has meant that there is no clear guide as to just how much profit they ought to be making. In many instances, however, financial targets—both in the form of cash limits for a year ahead and as an average rate of return over a period of several years—will not in themselves be enough. For it is only where no monopoly or dominant market power exists and market competition is the main determinant both of prices and investment that these targets are a valid measure of efficiency. Where a fully competitive environment is lacking, as it is to some degree in most of the nationalised sector, then the financial targets will need to be supplemented by some other arrangement.

In an ideal world, of course, this problem might be met by introducing changes designed to widen the scope for competition. As it is, there is probably something to be said for the idea of reinforcing purely financial targets with a set of agreed performance criteria and the occasional use of the Price Commission to investigate price increases and perhaps also to look at questions of efficiency. Certainly, if worker directors are to be appointed to the Boards of the Post Office and other monopoly sectors, then a Price Commission investigation may well be a useful way of ensuring that the consumers' interest is not relegated into second place.

But as has been seen before, most notably during the period of the last Conservative Government's incomes policy, none of these arrangements will function satisfactorily unless steps are also taken to regularise Ministerial interventions in these industries' affairs. The National Economic Development Office suggested in a report last year that this might be done by establishing an echelon of policy boards over a lower tier of managerial boards. But the State industries' positions are too strategic and their activities are too politically sensitive for Ministers to be likely to be constrained by such a system.

Intervention

The more realistic alternative would be to recognise that Ministers will always be under pressure to intervene and, indeed, to provide specifically for it, such as by giving them the power to issue directives on specific matters and at the same time provide for the consequences to be quantified and charged separately to the appropriate departmental vote. This might make clearer the respective responsibilities of Government and management. It is also not entirely new. It has already been used for some aspects of electricity supply and, in effect, for the operation of British Rail's passenger business. It should now be adopted more widely, starting perhaps with British Steel if, say, the Government rejects BSC's own proposals for tackling its present grave financial crisis.

● STRUCTURAL PRESSURE FOR GROWTH ● STIFFENING U.S. RESISTANCE ● THREAT TO EUROPEAN SPECIALISTS ●

Japanese car exports: a new wave rolling in

By TERRY DODSWORTH, Motor Industry Correspondent

SUBARU PROBABLY means very little to most readers of this newspaper. But to General Motors, Ford, and Chrysler it means just as much as the name of Honda did in 1976. It is yet another Japanese car marque which has come from obscurity to a significant position in the U.S. market in the space of a couple of years.

Honda achieved the same in 1975-76, and Mitsubishi, selling its cars under the Chrysler banner, had done it previously. Perhaps it will be the turn of another unknown, such as Suzuki, in 1978.

The American industry has not lost its nerve under this new assault from to-day's commercial equivalent of the Vikings. "We are going to push the imports right out to the shores. They're going down, down and down and we're going to keep them down as we're forced into their market," Henry Ford II promised recently. But the truth remains that the Japanese manufacturers are still expanding rapidly. Even without the new marques introduced recently to the U.S., Japanese companies would have increased their sales enormously in America this year. Toyota's registrations have gone up by 100 per cent. to 273,000 units; and Datsun's sales are up by 60 per cent. to 206,000 cars.

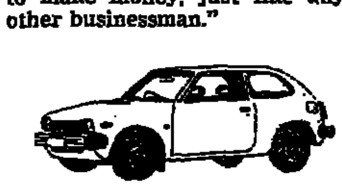
These increases are telling evidence of the continuing heavy investment by the Japanese in their motor industry. Important sections of Japanese engineering are suffering from the penalty of success. They have developed such a high rate of productivity and captured world markets so effectively that they are now having to bow to overseas pressure for restraint. So far the motor manufacturers have dodged such demands except in a few markets like Britain. They are expanding as normal and even—most unusually for Japan—taking on workers from other, less fortunate, engineering industries.

How long can this rate of expansion continue? There are plenty of signs that the Japanese are themselves worried that they may be pushing ahead too fast. Honda has announced its intention to build a new motorcycle plant in the U.S., which may eventually make cars; there is talk of Japanese investment in Europe; and in the U.K. there are visible signs of restraint. "Every month we watch the American import figures like hawks," says one Japanese executive wryly. "If they go over 22 per cent. we say to ourselves: 'Perhaps we shall hear from the United Auto Workers this week'."

The Japanese are themselves in a cleft stick. However much they might like to retreat, they do not have the flexibility to do so. All of their big manufacturing companies are irreversibly orientated towards growth. "Japanese industry tends to get itself into a position where it has to expand or collapse," as a British businessman in Tokyo puts it. That is the flaw in the otherwise brilliantly successful jobs-for-life system of Japanese industry. Salaries in Japan go up steadily according to seniority just as much as skill. Fringe benefits go up with them. Yet labour turnover is low (1 per cent. a year in some motor companies) and companies are stuck with their labour force for life. They have to grow or go bankrupt.

Because of these inbuilt structural pressures towards expansion it is difficult to see the Japanese vehicle export drive being held back. Among the Japanese there is no lack of awareness of the annoyance which their success has created in some countries. But the machine is not going to stop simply because a few western politicians blame local unemployment on Japanese car workers 12,000 miles away. Only when something is done does it cause real repercussions in Japan. "We must be less aggressive in world markets," one executive says, echoing a familiar sentiment. Then he adds, more revealingly: "In future we must be more sensitive to the demands of the local political situation."

British officials reckon that their pressure for voluntary Japanese vehicle exports to the U.K. to be restrained has had precisely this salutary effect. "I do not think there has been any real change in their exporting style in response to protectionism," one Tokyo executive says. "But they put a lot of time into their marketing. They calculate the factor of how foreign Governments may respond against them. The Japanese are not trying to take over the world. They are trying to make money, just like any other businessman."



In the case of the U.K., the assumption is that they have decided to toe the line after balancing present financial reward against the possibility of quotas. (The British Department of Trade has threatened import quotas much lower than the present 9.4 per cent. voluntary market share target for Japanese cars.)

This unacknowledged system of checks and balances has worked reasonably so far, because the Japanese have always had new markets to conquer when one closed up against them. The sales drive in Britain has been reduced; but a new push on to the Continent has followed. Yet western manufacturers, particularly the Europeans, are now growing increasingly worried about the next few moves in the game. That is so because the Japanese motor producers look like getting themselves into a similar position to their steelworks and shipbuilders, producing so much that they overrun the market. There simply may not be sufficient new markets to soak up the extra Japanese capacity.

No one knows how far off this point is because of the volatility of world vehicle demand. Both car and truck sales are on the crest of a wave at the moment, likely to beat the record in Europe this year, and approach it in the U.S. But there are three key trigger points in the present Japanese phase of expansion which competitors are watching very closely.

The first is new investment in the industry. Apart from the programmes of the big companies, Toyota and Nissan (the Datsun producer), the last few years have seen rapid expansion among a number of smaller groups. Only Toyo Kogyo, the Mazda manufacturer, appears to have serious financial problems at present, despite the fact that the Government-inspired attempt to rationalise the Japanese industry along U.S. lines in the 1960s seemed to have petered out with several misfits still unabsorbed. "In the late 1960s, you seemed to have made a much better job of rationalising than we did," one Japanese motor executive says, commenting on the mergers which created British Leyland. "But in the long run we seem to have come out more successfully."

Instead of dying, these smaller Japanese companies set about growing into larger, more viable units. For example, Mitsubishi, one of the world's largest companies with interests ranging from commodity trading to heavy engineering, decided to switch some of its resources into its vehicle division. It already was one of Japan's two most powerful commercial vehicle manufacturers. But in the past six years, following a deal which gave Chrysler Corporation a 15 per cent. stake in the organisation, Mitsubishi, trading under the Colt name, has added a car division. Honda, similarly, has tacked a formidable car manufacturing arm on to its motorcycle activities, although ten years ago no one gave the company a chance in the four-wheel vehicle business.

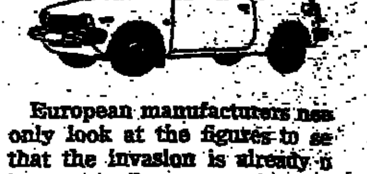
The second important factor is the U.S. market. The Japanese are still utterly committed to America. Their latest range of cars are a clever, stylistic balance between the demands of the U.S. customer (heavy frills, a lot of chrome embellishment) and the European requirement for cleaner lines. When asked about their most likely growth markets in the next few years, most Japanese manufacturers still say America. Yet it is difficult to believe that Japanese expansion can go quite as far as they are planning. Either the protectionist lobby will get the upper hand; or more Japanese companies will decide to adopt a diplomatic policy and follow Honda into overseas manufacturing; or American manufacturers are going to hit back successfully in the market place as Henry Ford has predicted.

Any of these alternatives could spell trouble for Europe. The cars originally destined for the U.S. have to go somewhere. Many competitors believe that big, sophisticated markets like France and Germany represent the biggest chance for marketing the surplus.

The third point concerns the type of product the Japanese are planning to produce. All the evidence suggests that Japanese designers and engineers are now moving into a new phase of development which will see them putting up a challenge to some of Europe's specialist car manufacturers within a few years' time. The process has already started. To-day's range of Japanese vehicles has overcome many of the ride and steering problems encountered a few years ago.

The new range of small vehicles coming on the market are following the European concept of front-wheel drive and transverse engines. Many have hatchbacks. All have "cleaner" engines than their European equivalents. At the same time the Japanese are moving into specialist niches.

Toyota has a TR-7-type vehicle on the stocks. Mitsubishi, already styling in the European mode, intends to produce a very high quality product, obviously a notch or two above the average Japanese vehicle. "My first ambition is to get sufficient volume to compete across the market in Japan," says Tomio Kubo, president of Mitsubishi Motors. "After that I am aiming to get quality and more quality."



European manufacturers need only look at the figures to see that the invasion is already on its way. Japanese sales have increased this year across Europe, both in percentage and real terms. Newcomers like Mitsubishi are establishing themselves. Subaru is on its way and the truck companies are following. Even in West Germany, the hardest European market for importers to crack and one of the few to have pushed back total imports this year, the Japanese have advanced. Only in Britain and France, where there has been an outcry against Japanese imports, has there been an element of stagnation. It may not be long before European car manufacturers, after stubbornly refusing to look the logic of transnational integration in the eye for the last decade, may be forced towards larger groupings by the challenger.

JAPANESE CAR REGISTRATIONS IN U.S.

	Sales in 1,000s 1976 (Jan.-July)	1977	Change in %
Toyota	172.1	273.0	+59
Datsun	146.4	206.4	+41
Honda	69.8	137.4	+97
Colt	24.6	44.7	+82
Subaru	22.6	39.5	+75
Arrow	—	31.9	—
Mazda	20.6	—	—
TOTAL	456.1	732.9	+61

Source: Automotive News

JAPANESE SHARE IN W. EUROPEAN CAR MARKET
(per cent.)

	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	Jan.-Aug.* 1977
Britain	—	0.2	0.2	0.4	0.4	1.0	3.1	5.6	6.7	9.0	9.5	[illegible]
Germany	—	—	0.1	0.1	0.1	0.1	0.4	1.2	1.3	1.7	1.9	2.4
France	—	0.2	0.6	0.4	0.2	0.2	0.4	0.7	0.8	1.6	2.7	2.7
Italy	—	—	—	—	—	0.1	0.1	0.1	—	0.1	0.1	0.1
Spain	—	—	—	—	—	—	—	—	—	—	—	—
Austria	—	—	0.1	0.3	0.9	5.0	7.5	7.3	5.4	5.5	5.6	6.2
Belgium	0.3	1.9	3.1	4.1	5.0	7.2	10.0	12.0	12.8	16.4	18.0	18.4
Denmark	0.4	0.6	1.6	2.3	3.5	6.3	7.2	8.6	11.3	14.8	16.5	18.0
Finland	10.9	14.3	15.3	17.5	18.4	22.4	19.6	21.6	21.3	21.1	21.9	23.2
Ireland	—	—	—	—	—	—	—	2.6	4.6	9.0	11.5	14.0
Netherlands	0.6	0.8	1.5	1.8	3.2	6.8	9.6	11.5	11.6	15.6	16.8	19.6
Norway	1.9	2.7	3.9	5.9	11.4	16.6	15.9	18.9	21.0	28.5	28.3	26.8
Portugal	—	0.1	0.7	5.5	9.0	15.4	23.6	23.0	23.2	15.4	19.3	12.7
Sweden	0.2	0.1	0.1	0.3	0.7	1.7	2.8	4.5	5.6	6.6	8.2	10.3
Switzerland	0.1	0.6	1.5	2.9	5.7	11.0	14.0	10.1	7.7	8.4	8.9	11.4
W. EUROPE	0.2	0.4	0.6	0.9	1.1	1.8	2.7	3.7	4.0	5.2	5.7	6.4

* F.T. estimate

MEN AND MATTERS

Cauliflower postbag

A farmer in Long Sutton, Lincolnshire, has devised a secret system of communicating with housewives who buy his produce. This circumvents both the Post Office and the National Federation of Fruit and Potato Trades, which represents vegetable wholesalers. He hides his letters between the stalks of his cauliflowers, asking buyers about the prices they pay.

A "mailing shot" he sent in the summer, when vegetable prices were highest, had a remarkable response. Housewives in Golders Green told him they were paying six times what he was receiving for his produce, while buyers in Stepney were only being charged three and a half times as much. At that time, cauliflowers were being imported from Holland.

Publicity for the cauliflower post has been given by Country Standard, a small quarterly journal on rural issues edited by Bob Wynn of Wisbech. He tells me that the Long Sutton farmer concerned is in his 70s and does not want his name revealed for fear of being "blacklisted by the wholesalers."

When I put this suggestion to Dennis Mead, chief executive of the National Federation of Fruit and Potato Trades, he dismissed it as "absurd." Any grower was free to hide messages in his vegetables. "The wholesalers have nothing to hide. There is no profiteering and the sooner the farmer knows the truth the better."

Hamish steps up

"I'm not afraid of the Japanese," says Hamish Orr-Ewing, who takes over to-day as director of the Rank Xerox operating companies in Britain, France, Sweden, the Netherlands and Belgium. It is a bold remark, at a moment when competition in the photocopier arena has reached a new pitch of intensity. "We know the Japanese are very formidable, but our share of the office equipment market is still going up," declares Orr-Ewing, a one-time Black Watch officer who joined Rank Xerox in 1965 when photo-copying was still something of a novelty. The international grouping he will now lead—after being managing director of Rank Xerox (U.K.) for five years—has a turnover of $600m. a year.

Although the 53-year-old Orr-Ewing is personally addicted to old-fashioned machinery, and keeps a huge traction engine at his Wiltshire home, he is fascinated by the seemingly endless growth in office equipment sales around the world. Rank Xerox is acutely aware that it lacks in the word processing battle now looming, those patent barriers behind which it grew to supremacy in photo-copying. Orr-Ewing's shooting-and-fishing Scottish background scarcely seems suited to electronics and new technology, but he says bluntly: "Some people think it is somehow superior to go into merchant banking or a service industry. I think we need to take more pride in making and selling things."

Company capers

Several floor-sweepers in GEC are currently intent upon showing that anything Sir Arnold Weinstock can do, they can do better. They are taking part, along with shop stewards, secretaries, machine minders—and some rash senior executives—in the most ambitious management game ever attempted by a British company. More than 200 teams are taking part, coming from every corner of the group, and Sir Arnold insisted at the outset that wherever possible the teams should bring together employees from all levels.

"They seem to be hell bent on reflating the economy!"

Each team has a "company" which it has to run for "three years," compressed between now and next May. The organisers are at the GEC management college in Dunchurch near Rugby, and the director, Ray Godsall, says that a challenging variety of hazards have been built in, including a bout of inflation, changes in world trade, and strikes.

At the end of the first round, one team is showing a profit of 60 per cent., while another "looks all set for bankruptcy within two months." As a finale, there will be a play-off for a week at Dunchurch between the top four teams. But for all intending successors to Weinstock, there is one psychological handicap: the hypothetical company they are running is called NBG—otherwise known as No Bloody Good Ltd.

Candle power . . .

There is nothing like a good power cut to bring out a fine display of impotent rage in most people. But the sheer random aggravation of it all struck Tony Metcalfe, managing director of Simplon Interlining, with even greater force than usual as he slogged through a month of accumulated paperwork by candlelight yesterday.

For Simplon specialises in mobile floodlighting and Metcalfe has just spent the last month flying round the Far East signing up the new dealerships required to keep up the company's export award-winning performance of exporting 90 per cent. of its £2m. annual sales.

"Floodlights would be no good here," he complained bitterly. "The only thing that works in my office is the dictating machine—that works off a battery."

. . . closes all doors

The Israeli embassy in London has, as you might expect, the most effective security measures that ingenuity can devise. For instance, all the locks on the doors are electrically operated. So yesterday, the whole place was locked solid during a power cut and several visitors had to wait for more than an hour to get out.

Help!

A reader who was in a Bournemouth hotel bar the other evening was startled when an elderly woman suddenly groaned, clutched herself around the middle, and made her way unsteadily towards the door. Before she had reached it the barman was beside her. "Sit down, madam," he said; "I'll bring you a brandy." "How terribly kind of you," she said; "but I'm afraid you'll have to hold the glass for me—my pearls have broken."

Observer

هكذا من الأصل

هكذا من الأحمر

SOCIETY TO-DAY

BY JOE ROGALY

The West cannot win in southern Africa

THE WEST cannot win in southern Africa. It now seems likely that there will be a second Boer War before the century is out; this time the victor can only be the world Communist movement. If this sounds a touch apocalyptic, then try the same proposition put in a different way. President Carter's new policy for the area is consistent with his proclamation of concern for human rights, but he is unlikely to take his own electorate, let alone other Western nations, very far along the road of confrontation with the Republic. And whatever America or Western Europe does for black South Africans can easily be bettered by China or the Soviet Union.

In short, for the West Southern Africa is what the Americans call a "no-win game." This may be unfashionable, but nevertheless it is true. To explain why, I shall begin with a personal reminiscence that has been stimulated by something said by Bishop Trevor Huddleston on television on Sunday night. For his recollection of the atmosphere inside the Republic 20 years ago squares exactly with my own.

It is as follows: from the point of view of the non-whites the only reliable allies, outside a few brave clerics, were the Communists. There were small groups of white Liberals, and the equivalent of to-day's Progressives, but they invariably stood for slow, evolutionary advance. The only party that argued unequivocally for the equality of blacks was the South African Communist Party. The only white activists who worked for and with blacks without any hesitations or qualifications were members of that party, or fellow-travellers. (Bishop Huddleston, then a parish priest, was an exception, but he was recalled to Britain precisely because he was rocking the boat.)

Underground

This Communist Party policy was essentially a post-war phenomenon. During the Rand rebellion of 1922 the mineworkers' slogan was "Workers of the World Unite to Fight for a White South Africa." It was supported by the C.P.—albeit with mixed feelings. But by 1928 no fewer than 1,600 of the party's 1,750 members were Africans, and the subsequent chopping and changing of policy as dictated by the Comintern ended in favour of an unequivocally pro-African stance. This was not always predictable: in 1935 three representatives of the South African Communist Party went to Moscow to put their conflicting arguments. One was in favour of attacking the colour bar immediately; one white member favoured the older policy of "class first, colour second" and a third went along as a neutral. The Comintern found in favour of the African delegate, and he was the only one sent home. The other two, plus the brother of one of them, were tried and executed.

But all that is now buried deep in history. The relevant point to-day is that the CP woke up to the probable course of events in Africa about a quarter of a century before Western leaders sensed the likely consequences of the "wind of change." It has been obliged to go underground in South Africa, but who can doubt that it still functions?

It gives no pleasure to report this. The motives of the Communists, especially the senior ones whose visits to Moscow were designed to serve Soviet rather than South African purposes, were entirely cynical. Yet the undoubted steadfastness and bravery of individual members of the Party enhanced its reputation among the mixed-blood ("Coloured"), Asian and African people of South Africa. Again, a Communist South Africa would not tolerate even the remaining small degree of freedom of expression that exists out there, let alone the still (relatively) independent judiciary. Such a regime would be just as oppressive of the rights of black South Africans as the present Government of the Republic, while the qualified democracy within which most of the white community lives would be extinguished. It is an appalling prospect. Yet it does not alter the central point: the Communists have long been able to afford to be on the side of the black majority, and wholeheartedly so. This is a luxury that the West has not enjoyed.

It is the same when one turns from the internal activities of the CP to the possibilities for international action by the Soviet Union, China or, say, Cuba — possibilities that increase when one considers the whole of southern Africa. Thus Britain can lead the way towards sanctions against the Government of Rhodesia; Russia and China can provide arms, and train the guerilla fighters whose emergence is the fundamental reason why the Salisbury regime may now be on the way out.

Glyn Genin — Terry Kirk

President Carter and his UN representative Andrew Young: a moral argument.

As for South Africa itself, the position from which the West begins is even worse. On the Communist side there are no apparent doubts: the whites must be overpowered, and a black Government must be installed. At the United Nations there need not be a moment's pause before voting in favour of economic sanctions, or an oil embargo, or just about any resolution the Africans and Asians put up. When the time is ripe there can be political training, and arms, and lessons in how to use them. The gestation in Angola was a long one.

For the West any hard action in Southern Africa is so difficult that the wonder is that President Carter ever started on his admirable crusade. Leaving aside the pertinent question of whether any conceivable form of economic sanction is likely to be effective (an oil embargo might be, if it could be made absolute), the hard truth is that economic warfare would be costly for the U.S. and very nearly disastrous for Britain.

Anathema

Most large companies in the United Kingdom have subsidiaries or branches out there. We rely on them as a market for exports, a source of gold and uranium, a valuable appendix to our own manufacturing base. The very idea of full-scale economic sanctions is still anathema to most Western politicians, and this is doubly true in Britain. The Americans have traditionally been held back by contemplation of what would happen to the British economy—but even if this restraint is weakening in Washington, it is still easier to visualise a British Government vetoing the imposition of wholesale sanctions than supporting Washington if America chose to favour them. The current difficulty in agreeing on a mandatory embargo on arms sales is evidence of this.

As for other possibilities, like training and arming guerillas, the very idea seems preposterous in Britain. There are still strong residual ties with South Africa, not least with the large English-speaking section of the white population. No British Government, not even a Labour Government with a majority of 100, could do any such thing. Hypothetically, an American Administration might get away with limited military support for black guerillas, but not in the present neo-isolationist mood of the U.S. and surely not in the medium-term future.

Short-sighted

I say all this as evidence in favour of the proposition that if one were a black South African the friendship of the West might come to seem less powerful than that of the Communist countries. Does it matter? There is still a strong current of opinion in the West that believes that the strategic advantage of the Cape route, South Africa's possession of large reserves of gold and uranium, and its presence as a "bastion" against black radicalism to the North are all of such importance that we should be on the side of order and stability—that is, the white side—so long as Pretoria's behaviour does not make this absolutely impossible.

Given that the odds are in favour of a future black-ruled South Africa joining the Communist camp, the argument in favour of supporting the white "bastion" seems to some of its proponents to be self-evident. President Carter, at least, has seen the greater force of the argument against such a short-sighted policy.

Since it is essentially a moral one, some hard-headed believers in "practical politics" will find Mr. Carter's position hard to accept. Such people may agree that if, say, Nigerian trade is of greater value than that of South Africa then we must try to edge towards the Nigerians. This is sensible, but it is not enough. Others will say, do not speak of morality because most of the world is wicked and parts of it are very much more wicked than the Republic. This, too, is undoubtedly true (one has to mention only Cambodia, Uganda or the Soviet Union itself to make the point). But, again, it is not enough.

For the maintenance of a policy that is founded on the systematic and legally-entrenched practice of racial discrimination is contrary to Western political morality, at least in its contemporary form. Never mind the far Left, politically-minded people of the centre, and especially the young, have long been conscious of this. Those who preach that capitalism and the West have no moral justification will find it easier to do so as the second Boer War progresses. The obvious analogy is the Spanish Civil War.

And it is here, in the Western homelands, that the Communist side is in a position to reap its greatest political harvest from southern Africa. Their profound understanding of how these things work was shown during the Vietnam war: in the end the canker ate at America itself. If Western governments were openly on the White side the damage would be immediate, and very great; as matters stand it will be so difficult for the West to give active help to the blacks that a slower, more insidious process of internal damage is likely to prove unavoidable.

Letters to the Editor

Site-value taxation

From Mr. P. Wanless.

Sir,—The question of site value taxation has been raised again in your correspondence columns. The letter from Mr. Townsend (October 31) makes it clear that some readers at least are not conversant with the nature of this tax.

Site value tax is not a tax on "individual initiative, enterprise or risk-taking" nor is it in any sense "penal" nor "confiscatory."

Site value tax is a tax on unimproved land; to obtain the base for site value, the value of improvements are deducted from the value of each property. Site value tax thus does not tax property improvements, or profits therefrom, since the tax is assessed as if those improvements are not there.

Site value tax is levied independently of the use to which land is put; in the case of property development the site value tax payable is the same whether or not development occurs, creating an incentive to develop land and use it to its full potential.

Site value tax is a tax on pure economic rent: economic theory teaches us that pure rent is a pure surplus, not a reward to any kind of productive activity, for example risk-taking, or entrepreneurship. This surplus arises because land is in fixed supply, and taxing away this surplus has no adverse effects on supplies of productive factors.

Site value may rise, but this will not be the result of any individual action by the landowner; the usual reason for a rise in site value is some action undertaken collectively by the community, for example, granting of planning permission, road improvements, etc. There is no reason why the private landowner should be permitted to enjoy this unearned increment, and it should be taxed away so that those who created the benefit can enjoy it. A site value tax will achieve this.

M. Townsend comments unfavourably upon British attempts to tax land, and so he should: these taxes never ever included a site value tax, and the defects of past taxes cannot be used to condemn a site value tax, which has never been enacted in the United Kingdom, although it has been used successfully in many other parts of the world.

P. T. Wanless.
(Lecturer in Economics),
University of Strathclyde,
Stenhouse Building,
173, Cathedral Street,
Glasgow.

Who owns the resources?

From Mr. V. Blundell

Sir,—The letter by Mr. Townsend (October 31) on site-value rating together with the letter from Mr. N. Slater and the article by Samuel Brittan on North Sea oil that preceded it, raise some interesting questions.

The primary one is: who are the rightful owners of the natural resources of this country? In logic, Mr. Slater was right. You cannot accept that the oil resources belong to the people of the country without also accepting that all other natural resources likewise belong to the community.

We are sick of nationalisation and it would be quite impracticable to attempt any sharing out of the values of these natural resources despite Mr. Brittan's noble idea of a national dividend. (Such a scheme would deprive future generations of all rights in the same way that the acceptance of land values as a marketable commodity has done historically.)

The only sensible way to achieve equal rights to the natural resources of this country is to appropriate their value annually by a tax in lieu of other taxes. This is quite different from the wretched Land Acts of the Labour Government that have been such a burden to us. The latter inhibits production and makes land cheaper to hold and dearer to buy. Land-value taxation (or site-value rating) stimulates production and makes land dearer to hold and cheaper to buy.

V. H. Blundell
52, Linkside,
West Finchley, N.12.

How books are sold

From Mr. T. Hall

Sir,—I have just seen the article on "100 Years of Recorded Sound" (October 20) and my attention was particularly caught by one comment there.

Your writer says that there is alarm at the prospect of the record industry "following the book trade into a position where the major retailers largely dictate the type of product on the market and tend only to handle the product which they decide will sell throughout their chains." To anyone with any knowledge of the book trade in the United Kingdom this is a quite startling mis-statement of the true position.

It is certainly true that such chains as W. H. Smith make commercial decisions about the books that will sell through their outlets around the country; and it is true to a limited extent that this can sway the success or otherwise of particular books. But no publisher makes his decision whether or not to publish a given work on the strength of that factor in isolation. Of something in the region of 3,000 bookshops listed in the Booksellers' Association's "List of Members," W. H. Smith branches account for 407 entries. Adding to all the comparable but substantially smaller chains would increase the proportion of the home market so dominated to probably less than 20 per cent. An even more important consideration is the proud exporting record of the British publishing industry, which has always sold well over half its output overseas.

The proof of any pudding, Sir, lies in the eating. There are something like 250,000-300,000 titles in print in the British Isles, and new titles and reprints appear each year at the rate of 30,000-32,000. A glance around the shelves of a handful of bookshops will be enough to show the incredible diversity of "products" that continues to be put out in the U.K. No one would pretend that the commercial scene in bookselling and publishing bears much resemblance to a bed of roses, but I really do not feel that the fear your columnist expressed is a real one.

T. Hall,
(Publicity and Cataloguing),
The Economists' Bookshop,
The Old Piano Factory,
43, Gloucester Crescent, N.W.1.

U.K. chipboard supplies

From Mr. J. Sacks.

Sir,—We wish to draw your attention to certain aspects of a campaign being run by representatives of the U.K. chipboard manufacturing industry as evidenced by reports of the type which appeared on October 26 under the heading "Imports threaten jobs" of U.K. chipboard industry.

This year we will purchase almost £2m. worth of this commodity. We have consistently endeavoured, over the last 25 years to use U.K. chipboard when ever possible despite (often) a substantial price disadvantage. Before reluctantly turning to foreign suppliers of chipboard we worked with many of the U.K.'s largest producers to explain to them requirements of the furniture industry in terms of quality, quantity and size.

For example, we worked very closely with one managing director of a major manufacturer when he was trying to build up his factory to produce chipboard to match the requirements of ourselves and certain of our competitors. It was only after months and months of failures to meet the standards of quality we require, together with its proven inability to match the specifications of chipboard needed generally in the industry, that we reluctantly turned to foreign suppliers.

Many countries are able to supply us with chipboard in the quantity and of the quality that we require to produce our products and in convenient board sizes. This last point is very important and is a problem with U.K. manufacturers generally as the platens of the machines that they use are often so small that the board they produce is in itself too small for economical conversion on a modern large woodworking saw. The surface quality of the boards that we can obtain from abroad is far finer than that obtainable from U.K. suppliers which enables us to produce furniture of a higher quality without any consequent increase in cost.

As well as these advantages, we are able to purchase chipboard at a lower price than those available in this country. This cost saving we are subsequently able to pass on not only to our U.K. customers but also to very substantial export markets. This year over 20 per cent. of our products will be sold abroad and we can only hope to compete in these markets as long as we remain competitive in terms of price as well as maintaining a consistent quality of product.

If imports of foreign chipboard are restricted in line with the wishes of those U.K. manufacturers mounting the campaign, we will be unable to obtain from U.K. suppliers sufficient chipboard of adequate quality and in the right sizes to satisfy the demand of our customers at home and abroad and, in addition, this will put us at a disadvantage compared with manufacturers in Europe. These factors will threaten the level of employment in our industry and the security of our employees.

We would be delighted to buy U.K. chipboard and will be the first manufacturer to do so when with a reasonably priced board quality is improved to match the requirements that we lay down and in board sizes suitable for modern woodworking conversion saws.

J. H. Sacks (Director),
A. Arenson (Holdings),
Lincoln House,
Colney Street,
St. Albans, Herts.

Premium bonds

From the Director of Savings, Department for National Savings

Sir,—Perhaps I might reply as briefly as possible to the main points made in the recent correspondence about premium savings bonds? The suggestion that prizes may be awarded to satisfy complaints merits no comment. Otherwise the main points were the following.

The odds: no correspondent has quite got the mathematical probabilities correct. The mathematical probability of a prizeless month for a particular holding is the product of the multiplication of a series of fractions equal to the number of prizes, the denominator of the first fraction being the total number of bond units participating in the draw and the numerator that total less the number of units held by the bondholder, with the denominators and numerators of each succeeding fraction diminished by one. The no prize probability in a succession of months is the product of the separate probabilities for the individual months. (I express the formulae in prose to escape the fate of one correspondent, whose formula was misprinted.)

The odds figure of 10,800 (related to an individual bond unit in one month) quoted in the current Ernie pamphlet is of necessity an approximation: the prize structure (fully set out in the prospectus) is such that the odds are slightly higher in five-Saturday months than in four-Saturday months, but except for this, decline slightly from month to month with a growing prize fund. The essential facts for working out the probabilities for October (released as always by the Department to the Press) were 110,143 prizes and 1,198,665,434 participating bond units.

Because, with any permissible individual holding or aggregate man and wife holding, each of the above fractions is very close to unity, the result of the above sum is almost exactly the same as that of the short-cut method of raising the first fraction to a power equal to the number of prizes. For a maximum man and wife holding of 4,000 units the latter method gives an adverse probability of 0.6924 (or, near enough, 69 in 100). Raising this probability to the power of 12 gives an approximate adverse annual probability of 0.01215 (or, near enough, 12 in 1,000) but this latter calculation slightly exaggerates the result because October was a five-Saturday month. The foregoing exposition, I trust, illustrates how easily this subject could become one for mathematical bores!

Eligibility and ineligibility: bonds become eligible for the prize draws after three clear calendar months from the date of purchase, and once a bond becomes eligible it takes part in each successive draw unless either (a) it has been repaid before the month of the draw or (b) it is the unrepaid bond of a deceased bondholder which has exhausted its period of 12 clear months' eligibility following the month of death. Eligible bonds do not otherwise become ineligible, and the fact that enquiries of the Bond Office quoting only the name and address of the bondholder may very exceptionally have been incompletely answered at first instance has no bearing at all on the identification of the bondholder's bonds for prize purposes, since prizewinners are identified by means of a separate (numerical) file in bond number order.

Some correspondents suggested periodic publication of information about the prize experience of holdings of particular size-ranges, etc. The records are not maintained in a form which would enable this to be done, but in any case the fact that Ernie's randomness is fully tested and certified every month by the Government Actuary would make is unnecessary to incur the expense of producing such statistics, which might be of minority interest.

Because of Ernie's randomness, every eligible bond unit has the same chance in a draw, irrespective of its letters or numbers, and there is no point (other than superstition) in cashing units in order to purchase new units with different numbers.

In the early years of the scheme the first letter corresponded to the bond value (for example, A for £1, B for £2, etc), but because of the popularity of some values it became necessary to depart to some extent from this correlation (for example, the very popular £50 bonds, represented by P, have extended into part of the range represented by Q).

The reason why recently purchased bonds appear to do better in the prize draws is simply that a smaller proportion of them have been repaid than of earlier purchases: the prize chances of individual eligible bonds remain equal whatever their age.

J. Littlewood,
Blythe Road, W.4.

Illogical femininity

From Mr. P. Grotrian.

Sir,—To put it succinctly, Mrs. Nickerson (October 29), appears to regard Dr. Carrick as a male, chauvinist, pig, who does not do any research. (I wonder how she knows that?) According to her, 49 per cent. of the working married women in England have small children and are quite happy about it. How about the remaining 51 per cent.? Perhaps like men, the weaker sex, they find strains that are intolerable.

Mrs. Nickerson indulges in a perfectly splendid piece of feminine illogicality. She says that she is going to read out the offending article "as an example of the kind of attack that can set back equal opportunities in a few seconds." Why on earth should this be so? If Dr. Carrick is such strictly bad news as Mrs. Nickerson suggests, surely no one will pay a blind bit of notice to anything he writes: why waste powder and shot on so contemptible and ill-informed an adversary?

I find the stridency of Mrs. Nickerson's letter depressing and all too familiar. I think it ties in with the somewhat startling opinion poll quoted by David Watt on Friday. This came up with the findings that while 49 per cent. of the sample thought that Mrs. Thatcher was doing a good job as Tory leader, only 29 per cent. thought that she would make a better Prime Minister than Mr. Callaghan. Letters like Mrs. Nickerson's make one begin to understand why.

Paul R. Grotrian.
Alldens Copse, Alldens Lane,
Godalming.

Putting a price on Gainsborough

From Mr. Maxwell Joseph.

Sir,—I refer to your Men and Matters comment (October 28) on the Gainsborough portrait of Sir Benjamin Truman.

I would point out that when I purchased the painting it was at a time when the group faced a substantial capital investment programme. It was decided that unproductive or surplus assets should be sold and the proceeds put back into the company for alternative investment. This policy has added considerably to our productive capacities and has preserved existing jobs and created additional employment.

Sotheby's have been quoted as saying that the estimated value of the painting was between £200,000 and £250,000 at the time of my purchase. If this statement is true they are at variance with a firm of art valuers of even greater eminence who valued the portrait at between £70,000 and £100,000 after I had acquired it for a far greater sum.

Maxwell Joseph.
1, York Gate,
Regent's Park, N.W.1.

To-day's Events

GENERAL

U.K. official reserves for October published by Treasury.

National Economic Development Council meets.

International Monetary Fund monthly gold auction, Washington.

The Queen returns by Concorde this evening from West Indies tour.

M. René Levesque, Prime Minister of Quebec, begins three-day official visit to France.

Mrs. Margaret Thatcher, Opposition leader, speaks at Institute of Public Relations lunch, Dorchester Hotel, W.1.

CBI Smaller Firms Council meets.

Delegation of British industrialists on visit to China.

Mr. Vladimir Bukovsky speaks on "Human Rights," St. Lawrence Jewry next Guildhall, E.C.2, 1.15 p.m.

Joint lunchtime seminar on "Arms Control and Human Rights" organised by English-Speaking Union and Royal United Services Institute, Dartmouth House, 37, Charles Street, W.1.

Closing speeches continue at Windscale public inquiry, Whitehaven.

Institute of Housing annual conference continues, Scarborough.

Institute of Fuel three-day conference on Advancing Energy Technology ends, Eastbourne.

OFFICIAL STATISTICS

Capital issues and redemptions during October.

COMPANY MEETING

Throgmorton Secured Growth Trust, 25, Milk Street, E.C., 12.30.

SPECIAL SERVICE

Sung Eucharist for All Saints Day, St. Mary Aldermary, Queen Victoria Street, E.C.4, 12.15 p.m.

OPERA

English National Opera production of Euryanthe, Coliseum Theatre, W.C.2, 7 p.m.

BALLET

Royal Ballet dance The Sleeping Beauty, Covent Garden, W.C.2, 7.30 p.m.

LUNCHTIME MUSIC

Fauré Requiem by the City Singers, St. Botolph, Aldgate, E.C.3, 1 p.m.

COMPANY NEWS + COMMENT

'W' Ribbons tops £1m.—1 for 3 rights

Manufacturers of nylon and polyester webbings, "W" Ribbons Holdings reports sales up from £14.82m. to £15.17m. for the year to June 30, 1977, and an advance in pre-tax profits from £910,274 to £1,084,761 after £334,659, against £250,772, for the first half.

The group also announces a one-for-three rights issue at 50p to raise some £503,000.

After tax of £479,524 (£162,753 adjusted) full-year earnings are shown at 14.22p (18.47p) per 10p share. The dividend total is lifted from 2.0106p to 2.245p net with a final of 1.275p.

The directors expect to be able to recommend dividends for 1977-78 of 5p gross (equivalent at current rates to 3.3p net) on the increased capital. The Treasury has indicated that consent will be given in the context of the rights issue.

	1976-77 £	1975-76 £
Sales	15,170,413	14,820,541
Trading profit	1,353,958	1,060,291
Share associate	21,927	55,407
Interest paid	321,124	205,424
Profit before tax	1,084,761	910,274
Taxation	479,524	162,753
Net profit	605,237	747,521
Extraord. debits	19,529	47,693
To minorities	65,280	16,404
Attributable	520,428	683,424
Interim dividend	58,437	55,403
Proposed final	46,297	42,917
Retained	415,696	577,104

In line with ED19 the company has ceased providing for that element of deferred tax which is unlikely to become payable. The effect of this is that profit available for dividends is likely to be higher in the future than would otherwise have been the case, although the tax charge itself will fluctuate from year to year. The comparative figures for 1976 have been restated to reflect the change of accounting policy and show an abnormally high level of retained profit and earnings per share, owing to the tax adjustment.

The company has entered into an agreement to acquire the 25 per cent. of the issued share capital of Lolift (U.K.) which it does not already own, conditional inter alia on the approval of the purchase by shareholders. The consideration will be £50,000 cash and 350,000 Ordinary shares in "W" Ribbons Holdings which will not participate in the rights issue nor rank for the final dividend for 1976-77.

● comment

"W" Ribbons rights issue should reduce gearing from around 90 per cent. at the year-end (with net borrowings at £3.2m.) to just under 70 per cent. of shareholders' funds. Meanwhile, pre-tax profits are up by 19 per cent. after a 33 per cent. gain at the interim stage with the increase largely generated by the group's cargo-handling interests—webbing for slings and flexible bulk containers, which now contribute around half of total profits. The car seat belt side has largely remained flat in the U.K. although increased German car production should have helped the 80 per cent. owned belt-making subsidiary Hansaliv. The seat belt side should also receive another boost in the current year from German and French legislation due in 1978 requiring rear seat belts in all new cars. Meanwhile the yield rises from 5.2 per cent. to 8 per cent. on an ex-rights price of 63p.

INDEX TO COMPANY HIGHLIGHTS

Headlam Sims pays interim

ON GROUP sales of £2.08m. compared with £1.54m., pre-tax profits of footwear manufacturers Headlam Sims and Coggins advanced from £115,769 to £165,316 for the half year to July 31, 1977.

Mr. A. H. Coggins, the chairman says that overall another record year is in prospect and the total dividend will be the maximum permitted.

Meanwhile the group is paying an interim dividend for the first time of 0.5p net per 5p share. First half earnings are shown at 4.03p (2.69p).

For all 1976-77 a single dividend of 1.1175p was paid from stated earnings of 4.83p. Pre-tax profits came to £213,414.

Mr. Coggins says that R. Coggins and Cons (industrial and sports footwear manufacturers) has a strong order level and has made the major contribution to profits and its second half year looks most promising.

Simlam (sports footwear distributors) had an excellent first half but the second half is seasonally affected and the outcome is not expected to match that of the first half.

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Bank of Ireland upsurge

FOR THE six months to September 30, 1977 pre-tax profits of Bank of Ireland advanced from £12.54m to £20.41m. and the directors say that while a continuance of the current levels of interest rates could result in the historic profits for the second half being lower than those of the first, they are confident that the overall result for the full year should exceed last year's £32.46m.

More importantly, in terms of real profits, the results for the year to March 31, 1978 are likely to be materially better than those for the preceding year.

Tax for the first half took £7.77m. (£6.17m.) and minorities £154,000 (£425,000), leaving the attributable balance up from £6.2m. to £12.49m.

Earnings per £1 stock unit are shown to have risen from 19.4p to 36p and the interim dividend is effectively raised from 3p to 5p net—last year's total was 11.25p (adjusted).

Reduced loss for Midhurst White

Property investors, developers and brickmakers Midhurst White Holdings reports a loss for the year March 31, 1977, reduced from £150,839 to £81,759 on turnover down to £736,000 against £762,000. The loss at halfway was £34,745 compared with £65,840.

After tax of £15,480 (£42,370) the loss per 10p share is shown as 1.33p (2.65p). The last dividend paid was a 0.41p net interim for 1974/75.

The directors state that the reduction of this year's loss indicates an improving pattern, although a small trading loss for the half-year to September 30, 1977, is expected. However, interest rates and the improvement in the general economic climate will be helpful, they add, and they anticipate that the group will be able to expand as and when profitable opportunities occur.

Mallinson just ahead at halfway

REPORTING pre-tax profits of £4.65m. for the first half of 1977 compared with £4.27m., on turnover of £96.39m. against £75.79m., the directors of Mallinson-Denny say they expect second half results to be similar to those for the first. Profits for all 1976 were a record £9.27m.

The directors point out that a considerable part of the group's U.K. turnover is connected with the building trade, which is currently depressed. When the signs of improvement convert into an actual revival of business, the group can expect to show further improvement, they add.

First half earnings are shown at 4.3p (3.99p) per 25p share and the interim dividend is lifted from 1p to 1.25p net. Last year's final was 1.5p.

	Half-year 1977 £000	1976 £000	Year 1976 £000
External Sales	96,385	75,792	166,169
Profit before tax	4,652	4,267	9,267
Tax	2,472	2,343	5,173
Net profit	2,180	1,924	4,094
To minorities	15	10	49
Available	2,165	1,914	4,045
Pref. Dividend	63	63	126
Ord. div	621	499	1,225

● comment

Three-quarters of the £400,000 improvement in Mallinson-Denny's first half figures came from a first time contribution from Thompson-Mahogany, a U.S. subsidiary purchased last December. Also Mallinson is one of the few timber companies to have enjoyed an element of last year's stock profits, due to the date of its year end (most other timber groups' year ends on March 31). So an above average performance has been achieved in the first half against a background of flat demand. Without any further prospect of stock profit, (the pound has since been stronger while Sweden has devalued making prices weaker) Mallinson is now seeking to improve margins. Margins at the pre-tax level fell by nearly a full point in the first half, but this could have been worse had the group not been prepared to sacrifice some market share. What will help bolster pre-tax margins in the second half is the favourable movement of interest rates. In the first two quarters of the year the group was paying 16 and 13 per cent. respectively on *net short term borrowings of* £10.3m. and medium term loans of £12.8m. This should average a 10½-11 per cent. charge in the second half. At 47p the shares yield an above average 9 per cent. and sell on a prospective p/e of 5.3.

Linread turns in £166,000

DESPITE AN increased loss from subsidiary Linread Australia from £6,000 to £286,000, taxable profits of £166,000 were reported by cold forged fasteners manufacturers, Linread for the year to July 31, 1977, compared with a loss of £353,000. Turnover was ahead from £11.3m. to £14.3m. At halfway profit was £115,000 against a loss of £227,000.

The directors say that the 75 per cent. interest in subsidiary, Albert Pasvahl has been consolidated for the first time and comparisons have been adjusted accordingly.

Loss per 25p share of Linread *comes out at* 3.16p (4.52p). The final dividend per 25p Ordinary share is 1p net making a total of 2p compared with a single payment of 1p last year. There is no dividend this year on the 25p "A" Ordinary shares against 0.25p last time.

The directors state that operations of Linread Australia have been very substantially reduced and the greater part of its plant, machinery and inventories were sold with effect from July 29, 1977, for £315,120. Book value of these assets was £390,576. Proceeds together with the proceeds of collection of trade debtors are being applied to discharge of bank loans and overdrafts, creditors and accrued interest and amounts due to group companies.

A provision for the loss on the investment amounting to £59,787 after relief from U.K. capital gains tax has been made in the accounts, the directors add. Benefit to be derived is a reduction of financial commitments, including a release of guarantees which has been given in respect of bank loans of £250,101, and the elimination of trading losses which it is anticipated would otherwise have continued. Minor trading activities will be continued by the subsidiary but these will have no significant effect on group accounts for the year to July 29, 1978, they add.

	1976-77 £000	1975-76 £000
Turnover	14,297	11,295
Trading profit & inc	1,254	407
Depreciation & amort	404	411
Interest	399	344
Associate loss*	286	5
Pre-tax profit	166	†353
Taxation	296	‡1.1
Attributable loss	189	232

* Of Linread Australia. † Loss ‡ Credit

There was an extraordinary net profit of £22,000 (£126,000 loss) for the period not taken into account, *it is stated.*

TRIDENT LIFE

Trident Life Assurance, a member of the Schlesinger Group, has announced that single premium business during the six months to end-September totalled *£5.6m. a rise of 211 per cent. over* the corresponding period in the previous year. New annualised regular premium business over the same period showed a rise of 50 per cent to £2.1m.

Mr. Alan Roberts, general manager, said that these figures demonstrated the progress being made this year by *all sides of the company's business in an* expanding unit-linked market.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aberdeen Trust	3.3	Dec. 23	2.86	4.65	4.03
Bank of Ireland ......int.	5	Dec. 19	3*	—	11.25*
Can. & Foreign Inv. int.	1.25	Dec. 15	1	—	3.1
Cedar Investment	1.6	Dec. 14	1.4	2.5	2.1
Dorrington Inv. ......int.	1.4	Dec. 9	1.25	—	2.77
Hambros Inv. ......int.	1.5	—	1.4	—	3.25
Hartle Machinery	0.9	Feb. 17	1.25	2.7§	2.15
Headlam Sims ......int.	0.5	Dec. 2	—	—	1.12
Linread	1	—	1	2	1
Linread "A"	Nil	—	0.25	Nil	0.25
Mallinson-Denny ......int	1.25	Jan. 7	1	—	2.5
Myddleton Hotels	3	—	2.76	4.65	4.23
Palmerston Trust	1.04	—	1.04	1.57	1.57
Reed International ...int.	5.96	Jan. 9	5.96	—	13
Riverview Rubber 3rd int.	9‡	Dec. 14	7	20	16*
Roberts Adlard ......int.	1.59	—	1.44	—	3.9
Scottish Natl. Trust	2.2	Dec. 20	1.95	3.45	3.05
"W" Ribbons	1.28	Jan. 5	1.13	2.25	2.01

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Malaysian cents throughout. § For 18 months.

Myddleton leaps to record £433,000

AFTER REDUCED interest of £12,089 compared with £160,974, taxable profits of Myddleton Hotels leapt from £223,318 to a record £433,244 for the year to June 30, 1977. At midway, a surplus up £40,000 to £248,000 was recorded.

The company has exchanged contracts for the purchase of the Linton Lodge Hotel, Oxford. The consideration payable is £665,000, which will be satisfied by the issue of 300,000 new Ordinary 50p shares and the payment of £175,250 cash. The shares are being placed with institutional investors on behalf of the vendor.

Earnings per share are given as 23.83p (12.65p) and a final dividend of 3p lifts the total to 4.65p (4.225p) net. In connection with the placing, the Treasury has consented to payments totalling 10p gross for the current year, which represents an increase of some 42 per cent. over 1976-77.

	1976-77 £	1975-76 £
Trading profit	445,333	384,292
Interest paid	12,089	160,974
Pre-tax profit	433,244	223,318
Tax	132,272	73,116
Net profit	290,972	150,202
Extra-ord. credit	176,890	†83,135
Available	457,862	67,067
Pref. dividends	2,310	2,310
Ord. dividends	54,371	49,402

† Debit.

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last year's 2.1p. Pre-tax revenue for all 1976-77 reached £426,162.

The net asset value is given as 146p (123p) with prior charges at par.

Increase by Scottish National

GROSS REVENUE for the year to September 30, 1977, at Scottish National Trust Company rose *from* £2.48m. to £2.87m. and net revenue advanced from £1.81m. to £2.02m. before tax of £0.75m. compared with £0.67m.

The final dividend is 2.2p net per 25p share for a 3.45p (3.05p) total absorbing £1.15m. (£1.03m.) and £2.4m. (£2.28m.) is carried forward.

Midterm rise at London & Provincial Tst.

*Revenue of London and Pro*vincial Trust for the half-year to September 30, 1977, emerged as £564,208 compared with £507,127 after tax of £372,568 against £344,771.

As already announced the interim dividend is 1.1p (1p) net per 25p share. last year's total was 3p and net revenue £995,900.

Net asset value per share at the half-year end is shown as 143p (121p).

Record £1.9m. for Aberdeen Trust

Record pre-tax revenue of £1,943,340 compared with £1,683,097 last year is reported by Aberdeen Trust for the September 30, 1977, year.

Tax of £727,763 (£620,542) leaves net revenue at £1,215,577 (£1,062,555). Net asset value per share is stated at 182p compared with 145p and dividend for the year is *stepped up from 4.025p to* 4.65p with a final of 3.3p net per 25p share against 2.858p.

Canadian & Foreign Inv.

Revenue of Canadian and Foreign Investment Trust for the half year ended September 30, 1977, was *marginally higher at* £245,748 against £237,273, before tax of £103,543 compared with £101,820.

Earnings are shown at 2.06p (1.95p) per 25p share and the interim dividend is stepped up from 1p to 1.25p net. The directors forecast a final at least equal to

Headway at Scott's Restaurant

First half 1977 pre-tax profit of Scott's Restaurant expanded from £60,064 to £100,049 on turnover up from £355,011 to £651,963. *Profit* for the whole of 1976 was a record £142,093.

Six months profit included investment income £1,062 (nil), and property investment income £32,087 (£31,000), and was after mortgage interest £4,049 (£5,099).

Tax took £52,000 compared with £31,500 leaving a net profit of £48,049 against £28,564. There was an extraordinary net profit of £1.1m. (nil) for the period from the sale of the company's Coventry Street property.

124 companies wound up

Orders for the compulsory winding up of 124 companies have been made by *Mr. Justice Templeman* in the High Court. They were:

Jaymac Entertainments, Courtek Engineering, Cremin and Morris Builders, Surtronics, Parkreef, Deedcrest Properties, Heald Green Developments, Kingshill Westbourne, Roserrow Properties.

Woolley's Northern Trust, Roche and Panton (Decor), C. M. Grattan, Spectrum Rubber Company, A. R. Veneers, Escape Studios, R. and S. Travel Company, Pulchrissima Investments.

Wishpoint, New Horizons Consultancy, Pendrills Families Investments, Skidmore and Harrold, Manepeal Builders, William Cave, L. H. Cotton, Dindy Marketing (London).

Stetson, Russell-Haydon, Bonscroft, Gibselvend, Surfaces Reconstruction (Parkstone), Classic Furnishers, Southern Mediterranean Estates, Anthony Norris Studios, Conolly Harvey and Company, McNeive and Company.

Amervest Builders, Bramdale, Spectrum Clubs, Biofarm, C. H. Glass Supplies, Market Evaluation, Avon and City Development Company, Brush Aggregates (Ipswich), Mereshire, Heathside Construction, Southern Carpets.

Taracross, Contact International Freight, Hollins and Dunn, Simo Securities Trust, Control Methods, H. E. Messenger Transport, Limeroy, Translink Marketing, G B R Industrial Developments, C. Shorter and Sons, Mackenzie Hill.

Knightsbridge Village Stores, Bellock Systems, Cranbourne Storage and Distribution, Galleon Estates, Ganmoss Properties, Bowminster Properties, Leeranking, Bennell Properties, Housetiles, Swandale (Hadliers).

C and T Transport, Rabbetts Agricultural Developments, St Helens Erection and Plant Installation, Taylor-Hutchinson, Stratum Roofing, Pro-cope, Highcrest Garage, Eastbrew, Gerenko.

J. McCaul (Builders), Chandler and Curtis, The Running Messenger (London), Marda Air Holdings, R. O. Carter (Construction), The Pheasantry Property Investment Company, Sidney Watson (Construction Holdings).

Darling and Co. (Contact Lenses), Peter Saunders Properties, David Player Property Services, Asian Greyhound, Hantsglen, Tom Lomas Transport.

J. W. Grant (Construction), Scholes Building Company, Trafalgar (Turf Accountants), Consort Travel, Cellspan, Lloyd and Johnson, Glormoss, Langrealm Engineering, Silkfenn, Canon Stone.

Dema Fashions, Industrial Building Agency (Wales), Clansman Estates, Leonard (Fulham), Okecroft Builders, Tweedbest, M Cuff Links, Pearlpeke, C. and F. Childs, British and General Investment Trust, Grantonville.

Copper Creations (U.K.), Dell Construction, James and Burr, Billion Building Company, D. and A. Motors (Haverhill), AMP Builders, OC Bulk Haulage, Glendouglas, Adairville Properties, Air Circle (U.K.), Sharman Hotel.

R. De La Grenye (Kensington), H. Williams and Son Builders (Balham), Motor Rail.

ISSUE NEWS

London quote for Sandvik

ARRANGEMENTS HAVE been completed for the introduction of Ordinary B shares of Sandvik Aktiebolag to the London Stock Exchange.

Sandvik had already announced that it intended to gain a London quote for its B shares at the end of last month. This followed the issue of $33m. convertible bonds, due March 1988, which are convertible into the B shares. These *shares carry one tenth of the* voting rights of the A Ordinary.

Hambros Bank and Credit *Suisse White Weld, lead managers* of the convertible bond issue, are also sponsoring Sandvik's introduction to London.

The group, which is forecasting profits of roughly the same level as last year's Kr. 355m. (£41.8m.), is one of Sweden's major industrial companies and a leading manufacturer of cemented carbide products and high-quality special steels.

Last year group profits fell 28 per cent. after four years successive growth and record earnings in 1975 — as the steel cycle hit a new low. In the first *half of this year* the group reported that orders had risen 13 per cent. and that the trend was likely to continue in the second-half. Against this the group said costs were continuing to rise steeply in 1977.

Yearlings unchanged

The coupon rate on this week's issue of Local Authority yearling bonds has been held for the second successive week at 6⅞ per cent. at par, with the bonds due on November 8, 1978.

This week's issues are: City of *Dundee District Council (£1m.)*, City of Edinburgh District Council (£½m.), City of Manchester *(£3½m.)*, Grampian Regional Council (£1m.), City of Lincoln (£½m.), Strathclyde Regional Council (£1½m.), Rother District Council (£1m.), Stafford Borough Council (£½m.), City of Stoke-on-Trent (£1½m.), and Tendring District Council (£½m.).

Two-year bonds with a coupon of 8 per cent. issued at par and due on October 31, 1979 are issued by: Grampian Regional Council (£1m.), London Borough of *Wandsworth (£½m.)*, Spelthorne Borough Council (£½m.), and Borough of Tamworth (£½m.).

Three-year bonds with a coupon of 9¼ per cent. at par and due on October 29, 1980 are issued by Test Valley District Council (£½m.) and London Borough of Waltham Forest (£½m.).

City of Durham is raising £... by the issue of 10¼ per cent. bonds at par and due on October ... 1981.

REDLAND

As holders of more than 75 per cent. of Redland 6¼ per cent. Convertible Unsecured Loan Stock 1986 had converted their holdings into fully paid Ordinary shares of 25p by the final conversion date of October 31, the group is exercising its right under the loan stock trust deed to require remaining stockholders to convert the balance of their holdings and notices have been sent out.

SELINCOURT

The one-for-four rights issue announced by Selincourt last month of 10,354,431 Ordinary shares at 18½p, to raise £1.8m., has been taken up as to 9,058,... shares, 87.47 per cent. The balance has been sold for the benefit of entitled shareholders.

Hambros Inv. mix changes

Gross income of £1.42m. against £1.44m. is reported by Hambros Investment Trust for the six months to September 30, 1977. Pre-tax revenue was just ahead *from* £949,492 to £956,970 after management expenses and interest totalling £466,845 compared with £489,772.

The directors state that a smaller proportion than normal *of total revenue for the year has* been received in the first ... months. As a result the increase in revenue for the current year anticipated in the chairman's statement last June, should occur in the second half, they add.

With tax at £362,077 against £377,047, earnings are shown at 2.15p (2.06p) per 25p share and the interim dividend is lifted from 1.4p to 1.5p net. Last year's total was 3.25p and revenue before tax came to £1.49m.

CONTRACTS AND TENDERS

PUBLIC NOTICES

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Plessey ahead 19% halfway

SECOND QUARTER (to September 30, 1977) pre-tax profits of Plessey Company advanced from £8.14m. to £9.66m. to give a 19 per cent. increase for the first half from £18.39m. to £21.86m.

World-wide sales for the second quarter at £149.7m. were 9 per cent. higher and for the half year the increase was 10 per cent. Trading margins reached 8 per cent. for the first half against 7 per cent. due to improved efficiency.

Exports from the U.K. show an increase of 57 per cent. for the half year. Overseas sales and U.K. exports combined now represent 57 per cent. of world-wide activity for both the quarter and half year, thus reducing dependence on the U.K. economy.

The order intake for the half year has shown a significant improvement, say the directors, and the order book at end September reached a record £850m.

Second-quarter earnings are shown at 2.38p (1.88p) per 50p share and first-half earnings at (4.13p).

Dividends announced on June of 2.2p (which comprised a final of 1.71293p for 1976-77 and the interim of 0.48707p for 1977-78) are now adjusted to 2.26p following the change of ACT. The dividends are payable on January 1, 1978.

The group has adopted the draft recommendations of ED 19. As a result, U.K. corporation tax has been provided only to the extent that it will become payable in the foreseeable future. In calculating the tax charge for the half year, full account has been taken of the forecast levels of inventory and capital expenditure for the full year.

No provision has been made for the fluctuation in the net worth of the overseas assets at this stage. The movement of currencies since April 1, 1977, would have shown an extraordinary deficit of £1.8m. at exchange rates ruling at September 30, 1977.

Commenting on the recent change in the value of the pound, Plessey finance director Mr. Peter Marshall says that had this occurred on September 30 pre-tax profits would have been £250,000 lower and it would have meant a £4.8m. deficit in the net worth of overseas assets compared with the figure of £1.8m. now reported.

He sees "no particular cause for concern on our competitive position as a result of the present movements."

Looking to the rest of the year, Mr. Marshall points out that the group has had five quarters in which profits growth before tax has been 18 per cent. or thereabouts. He does not see any reason to expect that the trend would vary.

On the plans of Racal chairman Mr. Ernest Harrison for the rationalisation of the electronics industry, he notes that Plessey and Racal are "two utterly different companies." Racal currently holds some 1.8m. shares in Plessey, according to Mr. Marshall.

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See Lex

	Second quarter 1977	1976	First half 1977	1976
	£000	£000	£000	£000
Sales	149,766	137,980	293,108	264,908
Trading profit	16,811	12,340	33,281	27,658
Depreciation	5,870	4,774	10,233	9,226
Operating profit	10,941	8,375	23,548	18,432
From associated companies	2,340	1,720	4,588	3,686
Interest receivable	424	368	832	923
Interest payable	2,983	2,143	5,520	3,809
Rationalisation costs	1,126	394	1,585	781
Profit before taxation	9,656	8,134	21,858	18,391
Taxation	3,900	3,400	9,600	8,100
Net profit	5,756	4,736	12,258	10,291
To minorities	288	367	481	571
Earnings	5,480	4,378	11,777	9,720

Ingall to resume growth

Management accounts at Ingall Industries for the first quarter of the current year, confirm that most companies in the engineering and funeral furnishing group are operating satisfactorily, says Mr. H. Marston Riley, the chairman, and the directors are aiming to achieve a resumption of former growth.

As reported on September 30, pre-tax profits fell from £503,194 to £262,429 for the year to June 30, 1977, on turnover of £3.63m. against £3.15m.

The chairman says the group has succeeded in overcoming the problems of a difficult year and thus is able to increase the dividend total from 1.573p to 1.700035p net.

Mr. Marston Riley tells members that this is evidence of the directors' confidence in the future of the company, and the new developments under consideration for providing additional expansion.

Meeting, Chamber of Commerce Birmingham, on November 25 at 12.30 p.m.

Cedar Trust peak £1.4m.

From income including imputation credit of £1,619,009 against £1,449,070 taxable net revenue of Cedar Investment Trust pushed ahead to a peak £1,351,110 compared with £1,164,497 in the September 30, 1977, year.

Tax takes £505,304 (£455,553) and earnings per share are stated at 2.63p (2.22p) and asset value per 25p share at 80.8p (67p).

The final dividend of 1.6p (1.4p) lifts the total payout to 2.5p against 2.1p last year.

Ductile strengthens M. E. connections

A substantial Middle East order has been negotiated by Ductile Steels' engineering division and the group has strengthened its connections in the area, Mr. R. Sidaway, chairman, says in his annual statement.

In the July 2 period just ended the engineering division had a successful year with demand from abroad strong although the home market was sluggish. Similar or improved profits are expected from this division, which is Ductile's smallest. Last year a £319,000 (£180,000) profit was reported.

As reported when results were released on October 18 profits for the first half of the current year are not expected to match the £3.14m. achieved in 1976-77.

Group companies are operating at about 70 per cent. of capacity after demand slackened in the second half of the latest year.

Ductile completed a £1.9m. capital expenditure programme in the year, with most new work now only requiring more orders.

The new 14-inch mill at its Dudley Port steel works is now working extremely well after commissioning delays, making an improved product with increased productivity. There is no doubt that previous profits will be exceeded once orders are available, Mr. Sidaway says.

The new mill at Ductile Cold Mill is performing as expected after some delay and requires orders. New edgers have been installed at Ductile Hot Mill and the Bright Drawing industry will now be able to be supplied.

The quality problems with steel slabs at the Ductile Planetary Mill are now largely overcome while the Iron Foil project at Metalon Steels still has technical problems, although many have been solved. The new slitting line at Ductile Sheet Stockists is working well while Ductile Sections is waiting for an upturn in the motor and building industries.

Mr. Sidaway is confident that demand for the tube division's new nylon coated tube will grow, and the division will benefit from the acquisition during the year of Newmans Tubes.

Capital expenditure of £501,000 (£1.01m.) has been contracted and authorised for the current year, and a similar total to last year will eventually be spent.

Accounts show a £6.19m. (£3.54m.) increase in working capital in the year with the bulk of this being applied to a £6m. (£3.36m.) increase in stocks and a £995,000 (£3.27m.) lift in debtors. Creditors dipped £808,000 (£3.1m.).

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BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: BET Omnibus Services, Berkeley Hambro Property, London Trust, More O'Ferrall, Polymark International.

Finals: Central Manufacturing and Trading, Levers Optical, Safeguard Industrial Investment, Triceville, Wood Hall Trust.

FUTURE DATES

Interims:	
British-Borneo Petroleum	Nov. 3
Clarke (Clement)	Nov. 8
Courtaulds	Nov. 15
Futura	Nov. 7
Property Holding and Invest. Tst.	Dec. 13
Scottish Heritable Trust	Nov. 3
Stadex International	†Nov. 11
Vernon Fashion	Nov. 8
Finals:	
Allied London Properties	Nov. 7
Arenson (A.)	Nov. 9
Equity Income Trust	Nov. 15
Fitzroy Investment	Nov. 4
Long and Hambly	Nov. 10
Muirhead	Nov. 16
Sandhurst Marketing	Nov. 10
Scottish Cities Investment Trust	Nov. 16

†Amended.

Hartle drops to £186,700

ON TURNOVER increased by £3m. to £11.46m. pre-tax profits of Hartle Machinery International dropped to £186,700 for the 18 months to June 30, 1977, compared with £269,900 for the previous 12 months.

Mr. Derek Hartle, the chairman, states that a stronger indication of the growing confidence of buyers and users of machine tools is apparent, which is sufficient to justify cautious optimism for the future.

He reports that the manufacturing companies are feeling the benefit of an upturn in the machine tool industry in that inquiries and confirmed orders are greater than at any time in the last three years.

At the 12-months stage, when profits stood at £78,800 Mr. Hartle said that while full benefits of an upturn might not be fully reflected in the 18 months figures, he confidently expected a satisfactory improvement in future trading performance.

The dividend total for the period is 2.7p (2.15p) net with a 0.9p final. Basic earnings per 25p share are shown as 3.35p (6.98p) and diluted as 2.8p.

	18 mths. 1976-77	12 mths. 1975
	£	£
Turnover	11,460,040	8,401,900
Pre-tax profit	186,700	269,900
Tax	101,100	91,600
Extra-ord. credit	9,500	†59,500
Attributable	95,100	118,800

† Debit.

Canadian loss holds Reed to £5m. rise so far

HEAVY LOSSES from its Canadian subsidiary have held Reed International to a £5m. rise in taxable profit to £39.4m. in the six months to September 30, 1977, and caused a 12 per cent. drop in attributable profit to £12.4m.

The interim dividend is maintained at 5.9555p per £1 share, absorbing £6.7m. The final and future dividend policy will be reviewed at the year end in light of the available cover, the degree of success in dealing with the Canadian problems and the future requirements of the business.

The taxable figure includes a £2.8m. loss compared with a £2.8m. profit from the Canadian Reed Paper for the June 30 half year. Reed Paper has announced a £5.5m. loss for the September 30 nine months and the total loss for the year is expected to be not less than £11.1m.

Reed directors have marked dealing with the Canadian problems as top priority, with significant cuts in overheads and planned capital expenditure already undertaken.

But the recent drastic reductions in world pulp prices are having an even more marked effect on Reed Paper than was foreseen at Reed's August AGM.

And given the static levels of industrial activity in Europe and North America the increasing Canadian losses will have a greater impact on results in the second half.

As the Canadian losses cannot be offset for tax purposes against profits elsewhere, directors say the effect will be particularly noticeable at the attributable profit level.

In the first half a 59.6 per cent. tax rate results, with net profit £1m. down at £15.9m.

The U.K. side in the first six months continued to operate at the higher profit levels established in the closing half of 1976-1977, with paper, packaging and publishing profits substantially higher. But building and decorative products' profits were down owing to dull trading conditions.

Overseas operations excluding Canada earned higher aggregate profits also. Overall turnover was ahead from £668.6m. to £799.7m.

In the three months to September 30 Reed sold interests in Associated Television, Kimberley-Clark and MEPC, raising £21m. These sales will result in write offs of £7m. not included for the half.

Directors say the sales were in line with the policy referred to at the AGM of concentrating resources in the mainstream of Reed activities. Press speculation that it intends disposing of various U.K. operations is without foundation.

And they emphasise that Reed's current liquidity position remains strong, especially in the U.K., with only a very small portion of available U.K. banking facilities drawn down.

Reed Paper, which also reported in Canada yesterday, says that the very low prices for market kraft pulp are expected to continue for several quarters to come and unless there is a significant improvement in prices and a recovery in the Canadian economy it is likely it will operate at a loss for a number of quarters.

Foreign exchange gains from the lower Canadian dollar value have been more than offset by the pulp price drop. In September Reed's pulp mill in Northwestern Ontario was closed for maintenance and repairs and in October the Quebec newsprint mill moved from seven day a week to five day production.

The packaging and decorative products business of Reed Paper also ran at a loss, with the weakness in the Canadian economy affecting the sales and performance of these operations.

Although overhead costs have been slashed to just over half the 1976 level, one-time retrenchment costs have reduced the advantages of the lower spending in 1977.

The company is omitting preference dividend payments, and until the cumulative backlog is paid, payments cannot be made on the Common Stock, which is 99 per cent. Reed owned.

Earnings per share of Reed are stated at 11.1p against 14.5p. Last year 25.8p per share was earned on taxable profit of £73.2m. and a total of 13p was paid in dividends.

	Half year 1977	1976
	£m.	£m.
Sales	799.7	668.6
U.K. and export	434.3	374.6
Overseas	365.4	294
Trading profit	59	51.2
U.K.	36.9	27.5
Overseas	22.1	24.1
Interest	19.6	16.8
Profit before tax	39.4	34.4
Tax	23.5	17.4
U.K.	14.4	8.7
Overseas	9.1	8.4
Net profit	15.9	16.9
Minorities	3.5	2.8
Attributable	12.4	14.1

See Lex

Dividend to be doubled at Halma

Directors of Halma intend doubling dividend payments for the March 31, 1978, year to 2.518p, on the assumption that dividend controls will be removed beyond July 31, 1978, and in the absence of unforeseen circumstances.

They say a 1.12p interim dividend will be announced with half-year results in January. In the latest year dividend was covered 4.8 times by net profit.

First half advance by Dorrington

PRE-TAX PROFITS for the six months to September 30, 1977, at Dorrington Investment Company rose from £261,000 to £301,000. Gross rents were up from £216,000 to £239,000 and sales of property and contracting came to £2.2m. against £2.75m.

The directors report that buoyant trading conditions in the residential property market have been enjoyed and they expect these to continue in the second six months. This should once again yield increased profits they say and add that the company has never been more soundly based.

The interim dividend is lifted from 1.25p to 1.4p per 10p share. Last year's total was 2.766p and pre-tax profits came to £524,000.

	First half 1977 £000	1976 £000
Gross rents	239	216
Prop. sales and contracting	2,200	2,753
Prop. revenue	299	260
Interest received	2	1
Pre-tax profit	301	261
Taxation	157	136

MINING NEWS

Rustenburg cuts its platinum output

BY KENNETH MARSTON, MINING EDITOR

THE WORLD'S biggest producer of platinum, South Africa's Rustenburg Platinum, is to reduce its output by between 10 per cent. and 20 per cent. from its present level of 1m. ounces a year. The company states that the present rate of production and the current levels of prices are imposing undue strain on its financial resources.

It is added that the cutback will help to bring the worldwide supply-demand position into balance and will also result in a deferment of capital expenditure. The extent and duration of the cutback will depend on future developments in the market.

Last month, Rustenburg omitted its 1976-77 final dividend in view of "the low level of profitability in the past year and the unpromising outlook for metal prices."

Ironically, the market for platinum has been showing signs of improvement. Indeed, the current price on the free market—which is supplied by the Russians—is $170 per ounce compared with the producer price of $162 which is quoted by Rustenburg and the other major South African producer, Impala Platinum.

It may be that Rustenburg is exposed to sales outlets, such as petroleum refining, where growth is slack at the moment. Thus the group has been faced with either cutting its platinum production or lowering the price; the latter course, however, might well be uneconomic in view of the rise in costs which has been eroding profit margins.

Our Johannesburg correspondent reports that when asked if Impala was planning any cutback, the latter's managing director, Mr. K. A. B. Jackson said: "We are not thinking along those lines." Impala's planned production for the current year of 700,000 ozs is thus not expected to be changed.

Impala's ability to dispose of planned levels of production reflects the company's greater interest in the motor industry—which is relatively buoyant in the U.S.—through its contract with General Motors.

Meanwhile, the Lonrho group's South African producer, Western Platinum, announces a September quarter loss of R700,000 (£453,750). This makes a loss of R1.4m. for the second half of the year to September 30 following a first-half profit of R1m. Rustenburg closed 1p up on balance at 63p after 67p in London yesterday.

Beth. Copper makes loss

FOLLOWING THE pattern set by Asarco and Kennecott, another major transatlantic copper mining group to announce a third-quarter less is Bethlehem Copper.

The Canadian company reports a loss for the past three months of $Can.251,000 (£123,000), or 4.1 cents per share, compared with a profit of $Can.237,000 in the same quarter of last year.

Apart from the depressed level of copper prices, Bethlehem Copper has suffered from the effects of a six-week strike at its Highland Valley mine in British Columbia.

Copper shipments in the past quarter amounted to 5.6m. lbs against 6.7m. lbs in the same period of 1976. The total for the past nine months, however, is 43.4m. lbs against 35.2m. lbs a year ago.

TIME LIMIT FOR MT. LYELL AID

The Australian Government has defined more precisely the extent of the aid it is prepared to give to cover the losses of the ailing Tasmanian copper mine, Mount Lyell, which is owned by the Gold Fields group. The Environment Minister, Mr. Kevin Newman, yesterday introduced a bill in Parliament which provides for aid until June 30, 1978.

The legislation gives the Government power to pay out on a dollar for dollar basis with the Tasmanian Government. Federal payments for the period August 13-November 2 will be about $A1m. (£631,700).

When the Federal Government originally agreed to meet Mount Lyell losses it was presented as an interim measure pending the completion of a report by the Industries Assistance Commission.

Present copper prices have made Mount Lyell quite uneconomic, and last month the parent group wrote off £20.9m. as provision against the closure of the mine, whose activities had in any case been curtailed. There was an operating loss of £6.9m. in the year to June 30. Mount Lyell were 14p yesterday.

FINANCIAL YEAR CHANGES AT SEL. TRUST

The London mining house, Selection Trust, is to change its financial year so that it will end on December 31 instead of March 31 as at present. The change takes place immediately.

A company announcement yesterday said: "The directors intend so to arrange the timing and amount of dividend payments that shareholders will receive a cash flow no less beneficial than that arising under the present arrangements."

For the current year to December, interim results will be announced on November 24 with the declaration of an interim dividend to be paid in early January. Final results for the year, nine months long, will be announced in April along with a final dividend to be paid in June.

For the 12 months to December, 1978, interim dividends will be declared in August and November, and paid two months later in each case. The final will be recommended in April, 1979, and paid in June.

Selection Trust shares were down 6 at 414p yesterday.

CLYDESDALE (TRANSVAAL) COLLIERIES—September quarter: Tonnes sold 1,101,000 (June quarter 1,164,000). Profit from mining and other activities R1,187,000 (R1,501,000). Taxation R488,000 (R581,000). Capital expenditure R308,000 (R131,000).

TRANS-NATAL COAL CORPORATION—September quarter: Tonnes sold 5,262,100 (June quarter 5,313,000). Profit from mining and other activities 6,939,000 (R7,596,000). Taxation R2,206,000 (R2,597,000). Capital expenditure R1,252 (R2,075).

Sirdar to improve further

IN HER annual statement, Mrs. J. M. Tyrrell, the chairman of knitting and rug wool manufacturers, Sirdar says she looks forward with optimism to further improved results.

Investment in plant and buildings for the current year will be similar to the £1.25m. spent in 1976-77, she tells members.

As reported on October 20, turnover expanded from £13.51m. to £16.44m. in the year to June 30, and profits advanced from £942,519 to £1,136,191. Stated earnings were up from 11.68p to 14.11p per share and the dividend from 2.51p to 2.79923p net.

Mrs. Tyrrell says that despite the general economic conditions, indeed perhaps assisted by them, sales of hand knitting yarns have flourished. An increasing realisation among consumers that it is possible to economise while creating for themselves unique fashion garments has revitalised the hand knitting scene.

Sales of Sirdar yarns reached a new record and made the major contribution to the results.

However trading conditions in Switzerland have been particularly difficult and in Germany margins have been extremely low and the results most disappointing.

The European subsidiaries are being reorganised to make renewed efforts. Although she does not expect a rapid recovery, Mrs. Tyrrell has longer-term expectations of success.

Meeting, Wakefield, on November 23 at noon.

Statement Page 23

Quality control is the key at Lawtex

SINCE THE start of the current year, order books of Lawtex have been maintained at a satisfactory level, Mr. G. M. Schaefer, chairman, tells members in his annual report.

He states that although competition from imported goods has created, and will continue to create problems for many parts of British industry, the company's policy of quality assurance and customer service has helped it to overcome many difficulties from this cause.

The company is continuing to improve productivity in its plants and this is evident in the 38 per cent. increase in sales per employee during the year under review.

Total sales for the year to June 25, 1977, as reported October 6, advanced from £6.19m. to £8.77m. and taxable profits surged from a depressed £21,176 to a record £456,256.

The expansion reported in the first half year, when sales were 47 per cent. ahead was more than maintained. The second half showed a 68 per cent. increase, with margins consistent throughout the 12 months.

Both divisions of the company made progress. The clothing division increased its sales by 60 per cent. to £7.9m., and produced a now accounts for over 80 per cent. of group sales and profit. Sales in the umbrella division rose by 49 per cent. to £1.87m., producing a profit of £77,949 compared with a loss of £65,658. Sales of this division accounted for 19.1 per cent. of group turnover. An increasing proportion of this division's turnover is not dependent on seasonal influences.

The improvement in performance is, to some extent, a result of the re-organisation which has been taking place in the last 18 months. This re-organisation has included the devolution of increased responsibility to the Boards of subsidiary companies, and Mr. Schaefer feels certain that further benefits will result from this policy.

Little change at Roberts Adlard

Builders merchants Roberts Adlard and Co. reports pre-tax profits for the first half of 1977 little changed at £250,000 compared with £240,000 last time. Profits for the whole of 1976 were a record £648,982.

The interim dividend is increased from 1.44375p to 1.588p net per 25p share. Last year's final was 2.458p. Six months' turnover was slightly ahead from £3.79m. to £3.93m. and net profit emerged at £120,000 (£115,000) after tax £130,000 (£123,000).

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BIDS AND DEALS

Lankro forecasting reduced profit

In a letter to shareholders recommending the bid by Diamond Shamrock, Mr. R. A. Russell, chairman of Lankro Chemicals, tells shareholders that "pre-tax profits for the whole year will be significantly lower than in the corresponding period last year." He says that there is as yet no evidence of any recovery from the very low phenoxy herbicide prices which persisted during the first half, neither is there any clear sign of a marked economic upturn affecting the industrial chemicals. Added to these adverse factors will be start-up losses which will be incurred by Wallek-Lankro in Tuscaloosa.

The cash bid of 219p per share represents an increase of 75 per cent. over the market price before the offer was announced. But the premium over net tangible assets is only 4.9 per cent.

The directors are unanimously commending the offer and, together with their families, have irrevocably undertaken to accept in respect of 1,926,970 shares (1.6 per cent. of the capital). Shell Chemicals U.K. has agreed to accept in respect of its 929,280 shares (15.3 per cent.).

£1M. ACQUISITION BY LCP

For £1m. cash, LCP Holdings has acquired the equity of H.K.B. Steels (Sheffield) Dinnington, Nr. Sheffield, which operates as merchants in carbon and alloy steels (blooms, billets and bars) and is a specialist supplier to the forging industry.

H.K.B. becomes part of the steels division of LCP, forming an extension to the range of carbon steels marketed by LCP Steel Products.

It is now the intention of the steels division to further penetrate the Scottish steel market by developing its presence at the LCP Airdrie depot, which will consolidate the Scottish and Northern distribution interests.

STANLEY GIBBONS U.S. PURCHASE

Stanley Gibbons has acquired the stamps and covers of Samuel Ray of Chicago for about $300,000, and is going to open a new office in Monaco. These two moves follow Gibbons' purchase of stamp dealer Charles Nissen in August for £667,000.

Mr. H. Fraser, deputy chairman of Stanley Gibbons, said yesterday that the Samuel Ray stamps would "fit in beautifully." They were mostly foreign stamps and would complement the Great Britain and Commonwealth stamps that had been bought with Nissen. They would be sold mainly in the U.K. and Germany, while the new office in Monaco would handle many of the French stamps.

Mr. Fraser said that Stanley Gibbons is currently negotiating for the purchase of other collections since there is "a shortage of material."

On the subject of a possible bid for Spink, he said that he was interested but not at the current price. There had been many rumours of other suitors for Spink but he had been unable to discover who they might be.

LOCAL STAKE IN REVERTEX SUBSIDIARY

Revertex Chemicals is going to issue shares of its Malaysian subsidiary to local interests, thus paving the way for new investment there.

For a total consideration of $Mal.4.3m., Revertex Malaysia is to issue 3.15m. shares to the Johore State Economic Development Corporation, amounting to 30 per cent. of the enlarged capital. As a result, various restrictions which apply to foreign owned companies in Malaya will be removed. In particular, Revertex Malaya will now be able to produce new products and, helped by the money raised by the issue of shares, it is going to open a plant at Kluang. This will manufacture alkyd resins, polyester resins and polyurethane oils with an initial investment of about $Mal.3m.

Commenting on the issue of shares, Mr. D. W. Stitchbury, chief executive of Revertex Chemicals, said yesterday that it would "hopefully be a great many years before we have to sell any more." Malaysia provided one of the best overseas operating environments and the issue would provide a springboard to rapid growth in the area.

LOTHIAN TRUST

Acceptances of Belgrave Assets' offer for Lothian Investment Trust have been received from holders of 80.33 per cent. of Lothian shares. All conditions of the offer have been satisfied and it has been declared unconditional. It remains open.

Total acceptances were in respect of 1,375,826 Lothian shares of which elections to receive the share consideration — no longer available — represent 755,808 shares. Belgrave intends, when appropriate, to acquire compulsorily the outstanding shares.

EMI SELLS SPORTWORKS

Scottish and Universal Investments has bought from EMI the Glasgow-based civil engineering company Sportworks. The price was £700,000. *Only last week EMI* paid £273,000 for the remaining 16.7 per cent. of Sportworks which it did not already own.

In selling Sportworks to SUITS, however, EMI retained the latest dividend which is thought to have been roughly equal to the purchase price by SUITS.

Sportworks was formerly part of the Development Securities group which EMI bought for £25m. in March this year. It specialises in sportsground construction and in landscaping and site improvement works. Last year's pre-tax profits were of the order of £¼m.

Mr. H. W. Laughland, chief executive of SUITS, said yesterday that Sportworks will fit in with the group's existing engineering division which provides services to the construction industry in addition to its marine engineering interests.

RACAL COMPLETES

It is reported from California that Dana Electronics has completed its sale to Racal Electronics of the assets and business of its subsidiary Dana Laboratories Inc. and its U.K. sales subsidiary Dana Electronics.

Racal's purchase of Dana's French sales subsidiary is expected to be completed by April 13, 1978, after French government approvals have been obtained.

Dana Electronics says the sale of its digital voltmeter and low frequency electronic counter business is part of the management's programme to concentrate its energies and resources in the communications and microwave areas served by its Cushman Electronics and EIP subsidiaries.

Barrow Hepburn to buy engineering portfolio

Barrow Hepburn, whose tanning division received £3m. support from the National Enterprise Board earlier this year, is diversifying into engineering in a move which will also expand its capital base by nearly £1m.

The company announced yesterday that it was buying a portfolio of share stakes worth £2m. in a number of engineering companies from merchant bankers Arbuthnot Latham. In payment Barrow will issue 3.84m. new shares of which Arbuthnot will retain 2.5m. (representing 9.9 per cent. of the enlarged equity). The remainder will be placed by Arbuthnot.

The deal comes only weeks after Barrow had arranged a joint venture with a French Government agency to acquire a 44 per cent. share in French tanners Le Tanneur. That deal, partially for cash, also included the issue of 2m. new Barrow shares.

The two deals combined will swell Barrow's equity base by £1.5m., reducing the debt/equity ratio as reported in the last balance sheet from around 160 per cent. to 140 per cent.

The principal investment in the portfolio acquired through the deal with Arbuthnot is a 26 per cent. interest in Weston-Evans, an engineering specialist which manufactures machinery for the textile and paper industries. Weston's pre-tax profits to March were £1.5m. and the balance sheet showed net tangible assets of £3.37m.

Other components of the portfolio include a 26 per cent. interest in Bainbridge Engineering and a 25 per cent. interest in Yorkshire and Lancashire Investment Trust.

HAWLEY-GOODALL

Mr. Michael A. Ashcroft, a director of Hawley-Goodall Group, has become interested in 932,583 Ordinary shares (23.3 per cent.) and all the £130,000 convertible debenture stock 1980-84.

These purchases have been acquired by Michael A. Ashcroft Holdings, as part of a plan outlined in the last annual statement whereby Mr. Ashcroft was to convert a personal loan to the company into equity.

CONTROL SECS.

The City Panel has stated that in the event of shareholders of Control Securities approving the arrangements, it will not require Labofund AG to make a general offer for the balance of the shares.

Labofund, a Swiss investment company, has conditionally agreed to buy a 59.8 per cent. stake in Control through a share issue which would inject some £525,000 into Control.

NO PROBES

Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, has decided not to refer the following proposed mergers to the Monopolies and Mergers Commission: BICC and Dorman Smith Holdings; London and European Group and O. C. Summers (Holdings).

ASSOCIATE DEALS

Laing and Cruickshank sold on October 26 150,000 Ofrex Group Ordinary at 97½p for associates of the company.

N. M. Rothschild and Sons announce that on Friday and yesterday they bought on behalf of Northern Engineering Industries a further 100,000 and 25,000 International Combustion (Holdings) at 95p. These purchases increase NEI's interest in ICH to 680,000 shares (about 7.28 per cent.).

SHARE STAKES

New Throgmorton Trust—Mr. D. E. Franklin, a director, sold 24,000 income shares at 21½p on October 26 and 266,151 shares at 21½p on October 27. Mr. Franklin has a non-beneficial interest in these shares.

Mills and Allen International—Hambros has become beneficially interested in 486,500 Ordinary shares (5.24 per cent.). Sir Ian Morrow purchased 20,000 shares at 66p, Mr. C. R. Hollick purchased 40,000 shares at 66p and Mr. C. J. Daniels purchased 3,000 shares also at 66p, all on October 19. All are members of the Board.

Bowthorpe Holdings—Mr. J. Bowthorpe, a director, disposed of 50,000 Ordinary shares on October 27.

Rosebaugh Company—Mr. D. A. Taglight, a director, disposed of 51,000 Ordinary shares on October 25, and now holds 100,000.

George Wimpey—Viscount Hood's discretionary settlement (registered in the names of the trustees) sold 10,000 shares at 89p, Viscount Hood's third settlement (registered in the names of the trustees) sold 20,000 shares at 89p and Lady Cholmondeley's 1966 settlement (registered in the name of Midland Bank Princes Street) nominees sold 40,000 shares at 89p. All bargains were done on October 25. Viscount Hood's non-beneficial interest in the shares of the company, of which he is a director, are now 233,764 Ordinary shares.

Ladbroke Group: Following changes in directors' holdings—C. Stein, renunciation of "one for ten" rights issue shares nil paid 13,983 shares, and sale of 30,000 fully paid shares. Transfer by his wife (Mrs. B. Stein) to her charitable trust for nil consideration 100,000 shares. K. R. Cork, acceptance of and payment for "one for ten" rights issue 2,730 shares and sale of fully paid shares 6,000.

Courts Furnishers: Alfred S. Cohen has transferred 10,000 Ordinary and 20,000 "A" Ordinary shares from his beneficial to his non-beneficial holdings.

United City Merchants: Following transactions in loan units effected by its director/subsidiary company—Mr. F. Perkins/J. H. Perkins (non-beneficial interest) sold on October 4 50,000 loan units at 33p, 50,000 on October 3 at 32p and 100,000 on October 11 at 32p.

Bejam Group: Mr. L. Don, a director, has disposed of 15,000 shares, and Mr. A. W. Perry, a director, has disposed of 45,000.

Crouch Group: Mr C. J. Telfer, a director, has sold 20,000 Ordinary shares at 55p.

H. Brammer: Mr. J. E. Heal, chairman, has disposed of 10,000 shares at 110p.

Wm. Morrison Supermarkets: Mr. K. D. Morrison, chairman, has sold 30,000 Ordinary shares.

Nottingham Brick — Following the recent rights issue, Mr. W. D. Crane, chairman, holds 5.12 per cent. of the capital. The Lloyds Register of Shipping Superannuation Fund Association now owns more than 5 per cent. of the capital.

Bluemel Bros.—As a result of recent sales Phoenix Assurance is now the beneficial holder of 156,000 shares (6.86 per cent.).

Electronic Rentals — Mr. L. F. Odell, a director, has sold 10,000 Ordinary shares.

Magnet and Southerns—Mr. J. T. Duxbury, a director, sold 200,000 Ordinary shares at 202p. Mr. S. W. Emmott, a director, sold 4,975 at 200p.

Wimpey—Mr. A. L. Hood, a director, having recently sold 10,000 Ordinary, now holds 506,000 and not 592,000 as previously stated.

Henderson Kenton—Resulting from recent option dealings Mr. J. Davis, a director, now holds a total of 112,500 shares.

Bury Masco (Holdings)—Throgmorton Trust has sold 50,000 Ordinary and now holds 881,000 shares (13.56 per cent.).

Claverhouse Investment Trust—Scottish Amicable Life Assurance has acquired a further 32,000 shares and now holds 802,000.

Longton Transport—Mr. A. J. Dale, a director, sold 70,000 Ordinary shares at 63p and his wife sold 30,000 shares at 63p on October 27.

United Dominions Trust—London and Manchester Assurance has acquired a further 5,000 (3.15 per cent.) Preferential shares increasing holding to 65,000 (13 per cent.).

Alexanders Discount—London and Manchester Assurance has increased its interest to 13,300 6 per cent. Preferential shares as at October 21.

Macarthys Pharmaceuticals—Mr. M. E. A. Keeling, a director, sold on October 26 5,370 Ordinary shares of which 3,651 were held beneficially. Further sales announced by Mr. Keeling: 3,669 on October 21 of which 2,405 were held beneficially and 1,113 shares on October 24 of which 730 were held beneficially.

W. J. Reynolds Holdings: GRFT Investments has disposed of 225,000 shares and is now interested in 137,500 shares (3.5 per cent.).

Beralt Tin and Wolfram: Charter Consolidated has increased its interest to 5,535,452 Ordinary shares (48.24 per cent.) from 46.3 per cent.

Ferry Pickering Group: Britannic Assurance has acquired a further 120,000 Ordinary shares and now holds 362,000 (9.35 per cent.)

Newey Group: William Prym Werke KG of Germany has increased its stake to 24.9 per cent. On October 10, Newey announced that Prym intended to acquire a maximum 25 per cent. holding.

T. C. Harrison: Following the merger involving Peterborough Motors, Prudential Group now holds 515,957 Ordinary shares (6.85 per cent.).

Harrison and Sons: National Farmers Union Mutual Insurance Society has acquired a further 1,095 6 per cent. Preference shares, and now holds 19,095 (8.30 per cent.)

Sanderson Murray sees more progress

Given some recovery in general trading conditions and reasonable stability in currencies in which raw materials must be purchased, Sanderson Murray and Elder (Holdings) has the ability to maintain its progress, says Mr. P. Williams, the chairman, in his annual statement.

As reported on October 21, pre-tax profits jumped from £92,414 to £209,587 for the year to June 30, 1977, and the dividend is lifted to 3.103p (2.3p) net.

The chairman reports that since spring, prices have declined and from June there has been less new business with depressing effects on margins. However, there may now be less advantage to buyers to delay, since reduced wool supplies, together with Government price support in the major wool growing countries, make lower prices doubtful at present exchange rates.

At the same time, an improvement in business depends on new ordering of worsted products, adds Mr. Williams, and the present quiet home trade is less well complemented by exports than in 1976-77, when the company's good U.K. export performance was encouraged by cheaper sterling.

During 1976-77, working capital increased by £198,881 (£64,647).

Meeting, Bradford, November 30 at 12.15 p.m.

MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 5 per cent (since October 14, 1977)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave assistance by buying a moderate amount of Treasury bills from the discount houses.

Banks carried forward surplus balances, but this was outweighed by a net market take-up of Treasury bills, an excess of revenue payments to the Exchequer over Government disbursements and an increase in the note circulation.

Discount houses paid 4-4½ per cent. for secured call loans at the start, but closing balances were found at about 3 per cent.

In the interbank market overnight loans opened at 4-4¼ per cent. and eased to 2-3 per cent. at the close.

Short-term fixed period interest rates were generally easier, but longer term rates were firmer following the National Union of Mineworkers' rejection of a productivity agreement.

Rates in the table below are nominal in some cases.

Nov. 1 1977	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authorities and finance houses seven days' notice, others seven days' fixed. Longer-term local authority mortgage rates nominally three years [illegible] per cent.; four years [illegible] per cent.; five years [illegible] per cent. Bank bill rates in table are buying rates for prime paper. [illegible] Finance House Base Rates (published by the Finance Houses Association) [illegible] per cent. from November 1, 1977. Clearing Bank Deposit Rates for small sums at seven days' notice 3 per cent. Clearing Bank Rates for lending 6 per cent. Treasury Bills: Average tender rates of discount 4.6778 per cent.

THE NEW THROGMORTON TRUST LTD.

Capital Loan Stock Valuation—1st November, 1977.

The Net Asset Value per £1 of Capital Loan Stock is 118.59p. [illegible] valued at middle market prices

INTERNATIONAL FINANCIAL AND COMPANY NEWS

GERMAN NEWS

Domestic banks will get more in Herstatt payout

BY JONATHAN CARR

BONN, Nov. 1.

WEST GERMAN domestic banks will, after all, receive as high a proportion of their claims on the collapsed Herstatt Bank as foreign banks and German municipalities.

It had once seemed likely that the German banks would receive substantially less. The rise has come about thanks to one section of the complex settlement agreement worked out in November, 1974—five months after Herstatt closed its doors with losses estimated at DM1.2bn.

According to the agreement, German banks would receive 45 per cent. of their claims on Herstatt, foreign banks and German municipalities 55 per cent. and other creditors (private and industrial customers) 65 per cent.

This arrangement was generally reckoned a fair one. It took into account, among other things, the special vulnerability of private customers, who could hardly have been expected to know of the problems which had arisen in Herstatt's business dealings.

However, one clause noted that domestic banks would be the first to benefit should any surplus emerge from Herstatt's tangled affairs above and beyond those funds needed to pay the agreed percentages to the creditors.

A surplus has in fact been achieved in each of the three years since liquidation—thanks among other things to a rise in the value of shares which had been in Herstatt's possession and a satisfactory sale of bank property.

In the first two years, the domestic banks obtained a total improvement in their quota of 8 per cent. For the third year, a surplus of some DM25m. has now been announced, giving them another 2 per cent. This carries them to their maximum permissible share of 55 per cent.—and to level pegging with the foreign banks.

Meanwhile, leading executives—including the head of the bank, Herr Ivan D. Herstatt—have now been formally charged with currency speculation prejudicial to customers' interests and balance sheet falsification. They have until the end of next January to answer the charges.

Results at Karstadt confirm sluggishness

EARNINGS OF Karstadt, Europe's largest department store chain, dropped sharply in the first nine months of this year against the same period of 1976. The company says that even the boost of Christmas business will not be able to compensate for the fallback.

Karstadt gives no detailed profit figure for the first nine months (its net profit for the whole of last year was down to DM125m. from DM152m. in 1975), but other figures show a turnover reduction in real terms once adjustment has been made for inflation and an increased sales area.

The results confirm the continuing sluggishness of the West German retail business, also revealed in the recent interim report of Kaufhof, one of Karstadt's main competitors.

They are also due to the major phase of reorganisation on which Karstadt has embarked, in particular through its participation in the ailing Neckermann retail and mail order business. It is widely conceded that only a company in a very sound financial position, like Karstadt, could have undertaken such a programme of restructuring at all. Its current results have to be seen in this light.

Karstadt group turnover (including the Keps Kaufhaus chain) rose in the first nine months by 6.5 per cent. to DM5.7bn. After allowing for an expansion of sales area (part of it involving the takeover of some Neckermann stores) the turnover rise is only a nominal 1.8 per cent.—drop in real terms.

Results of Neckermann for the first nine months, released simultaneously, show turnover down by 7.9 per cent. to DM1.6bn. Mail order sales were buoyant, but store sales (after making allowance for some transfers to Karstadt) dropped by 6.9 per cent.

No details are given of Neckermann's losses this year—They are simply referred to as "in line with expectations." All reorganisation and rationalisation measures are said to be proceeding on schedule.

Gildemeister hopeful of breaking even

GILDEMEISTER, THE leading West German machine tool builder and engineering group, stated to-day that it hopes to break even during 1977, but does not expect to be able to resume paying a dividend, reports Adrian Dicks.

During the first nine months of this year, the Gildemeister group saw turnover increase by 2.2 per cent. to DM204m. Slightly under two-thirds of this sum was accounted for by exports—virtually unchanged from the proportion they made up last year.

There was a 38.4 per cent. increase in new orders during the first nine months to DM191.7m., and the greater part of this apparently sharp increase was made up by domestic orders, which increased by almost 50 per cent. from the previous year.

Orders in hand at the end of September stood at fractionally less than DM200m., still 16.5 per cent. below the level a year previously.

The Gildemeister figures bear out the impression gained from other engineering and machine tool companies that, while there has been some recovery from the low levels of activity reached in 1975 and 1976, the industry's situation remains highly unfavourable. According to the Engineering Industry Association, overall new orders for the first eight months lay 10 per cent. below the same period of 1976 in real terms, and new export orders were 20 per cent. down.

To-day, however, the Association produced the more encouraging news that for the first time in three months, the industry registered an 8 per cent. increase in new orders during September. Domestic orders were up 6 per cent. and those from abroad rose 12 per cent.

Increases for Intl. Pirelli companies

By John Wicks

ZURICH, Nov. 1.

SUBSIDIARIES OF the Basle-based holding company Société Internationale Pirelli SA recorded a 15 per cent. increase in their turnover in Swiss francs for the first nine months of this year. The company expects "as favourable a result" for 1977 as a whole, it was stated by Dr. J. Vitorelli, managing director, at the annual meeting.

Group sales, said Mr. Vitorelli, have developed particularly well in Brazil, the U.K., Spain, Argentina and Turkey. They remained at a low level in Canada, but were showing some signs of recovery. Overseas Dunlop companies in which Pirelli has a stake were working well, he said.

Mr. Vitorelli told the meeting that the cable sector was considered one of the most promising by Pirelli, which would favour this field in new investment projects. Pirelli Cables Australia, he said, had just opened a new plant in Sydney.

The shareholders approved an increase in dividend for the year from Sw.Frs.14 to Sw.Frs. 15 per share.

Nestlé bid for Alcon confirmed

THE BOARD of Nestlé SA, the Swiss foodstuffs group, has approved a proposal by which Nestlé will make a cash tender offer through an American subsidiary for all outstanding common stock of the U.S. pharmaceuticals concern Alcon Laboratories, reports John Wicks. The bid will be of $42 per share, as Nestlé indicated last month.

The Nestlé group's headquarters in Vevey stress, however, that the offer for the Fort Worth-based company is still subject to certain conditions, a final offer to be made after completion by Nestlé of a financial and operational review of Alcon and compliance with legal formalities. This is expected to take some two weeks.

Secondary market continues downward

Financial Times Reporter

WITH MOST continental financial centres closed yesterday, and the dollar continuing to fall against most currencies, the Euro-bond market continued downwards; prices fell a quarter of a point with virtually no buyers.

The New York bond market had a bad day, and sentiment was not helped by the fear that a large increase in the money supply would be announced on Thursday.

The next issue in the Swiss Franc sector will be for the Austrian Power Works, TIWAG. This is scheduled to offer 4½ per cent. for 15 years. It will be for Sw.Frs 80m., with Credit Suisse White Weld as lead manager.

The private placement sector is also seeing a great deal of activity. Placements being arranged reportedly include Sw.Frs.200m for Norway, offering 4¼ per cent. for eight years, and Sw.Frs.100m. for Denmark, offering 4½ per cent. for seven years.

Loan for Lebanon

THE LEBANON BOARD for Development and Reconstruction has received an offer for a syndicated Euromarket loan of $200m.

The offer came from seven commercial banks, led by the Bank of America, which is to be the prospective lead-manager, business sources said, and four other banks: the Arab Bank, Crédit Lyonnais, Banque Nationale de Paris and Banque Arabe et Internationale d'Investissement.

Details of the loan are to be discussed at a meeting scheduled for November 8.

Thus far, the Development and Reconstruction Board, which was set up by the regime of President Elias Sarkis earlier this year to supervise reconstruction projects in post-war Lebanon, has concentrated its attention on obtaining assistance from Arab Governments.

Lebanese banks and several foreign banks there had informed the Government of Prime Minister Selim Al Hoss of their readiness to buy Government bonds.

Increase for Wacoal

Wacoal Inc., a top maker of women's underwear, announced that its net profit for the year ended August 31 totalled Y5.25bn., up 26.2 per cent. from Y4.16bn. in the previous year, reports AP-DJ from Tokyo. Sales in the year totalled Y66.563bn., up 21.1 per cent. from Y55bn. The company forecasts net profit for the current year at Y5.6bn. on sales of Y75.5bn. It will cut dividends by about 2 per cent. per annum to 25 per cent. in year ending next August, to cope with the recession affecting the industry.

Okinawa Yakult fails

Okinawa Yakult K.K., a fermented milk maker based in Naha, Okinawa, has received a court order to preserve its property, and went virtually bankrupt with about Y6bn. debts, Teikoku Koshinsho, KK, a private credit inquiry agency said yesterday. The failure was blamed on stagnant business suffered by Hotel Sun Okinawa, an affiliate of the collapsed company, agency officials said.

MEDIUM TERM CREDITS

New Zealand at ⅝% over Libor

BY FRANCIS GHILES

NEW ZEALAND is borrowing $500m. for seven years on a spread over Libor which is understood to be split between a rate of ⅝ per cent. and ¾ per cent., the lowest ever in the current cycle to be publicly announced. In effect this amounts to an increase in amount and an extension in maturity of the $400m. multi-currency revolving credit signed in 1974 with Lloyds Bank International and the National Bank of New Zealand, which had a maturity of five years.

The refinancing will be managed by the same banks: it provides further proof that spreads are continuing to fall, although it must be stressed that New Zealand has a very low foreign debt.

This financing is the only state medium term credit New Zealand has raised: external bond offerings by the country amounted to a grand total of $492m. for the first nine months of this year, according to statistics published by the OECD last week. Whether the terms offered to New Zealand have any wider repercussions on the market remains to be seen.

Chase Manhattan has confirmed that it is lead manager in the seven year $500m. loan for the Comecon's International Investment Bank. The spread over the interbank rate is 1 per cent. The loan is being syndicated under West German law.

Meanwhile a consortium of Japanese banks is lending the Industrial and Mining Bank of Iran Y13bn. Maturity is seven years, and the interest rate, a fixed one based on the long-term Japanese prime rate. Lead manager is the Bank of Tokyo. Three Yugoslav banks, Ljubljanska Banka, Stopanska Banka and Investiciona Banka Titograd are jointly borrowing $90m. from a consortium of banks led by Citicorp. Maturity is five-and-a-half years, with a spread over Libor of 1½ per cent., lower than the last medium term credit to a Yugoslav borrower, which was, however, early last year, since when spreads have fallen considerably.

Marathon Petroleum Ireland, a wholly owned subsidiary of Marathon Oil Company has completed a $100m non recourse secured proceeds production payment financing. This suggests that debt repayment is only required from production revenue at the Kinsale gas field. The financing of which is subject to Irish Government approval. Terms otherwise are undisclosed, and lead manager is Chase Manhattan Ltd.

AMERICAN NEWS

U.S. Steel acquisition

A SUBSIDIARY of United States Steel has agreed to acquire a substantial ownership interest in Northern Tier Pipeline Company, the companies announced in Pittsburgh.

Northern Tier plans to construct and operate a 1,550-mile large-diameter crude oil pipeline to transport Alaskan oil from Port Angeles, Washington State, on the West Coast, eastward across the U.S. to Minnesota.

The project is designed to deliver 1m. barrels of crude oil a day into the Midwest. Environmental and right-of-way matters must be resolved, and financing arranged, before construction can begin.

"The curtailment of Canadian crude oil has created serious shortages of refinery feedstocks in the States along the northern boundary of the U.S." Mr. E. B. Speer, chairman of United States Steel. Mr. D. M. Curran, chairman of Northern Tier, said: "This new pipeline will be able to serve energy needs throughout the Rocky Mountains, the mid-continent and the Midwest."

It is estimated that during construction the project will employ 10,000 workers.

U.S. Filter purchase

UNITED STATES Filter Corporation said it has acquired or entered into agreements to acquire about 23 per cent. of the outstanding stock of Koehring Company, AP-DJ reports from New York.

U.S. Filter stated in documents filed with the Securities and Exchange Commission that the purchases were made for investment, and that it has no present intention of proposing a tender offer for Koehring shares, or to propose a merger or similar transaction.

But the company intends to review from time to time its position in Koehring, and may decrease or increase it.

Report on Canadian business

THE OVERALL profitability of large Canadian non-financial corporations, as measured by the after-tax profits to net worth ratio, declined slightly in the first half of 1977 after falling in the corresponding periods in 1975 and 1976, according to the results of a study conducted by Canadian Imperial Bank of Commerce.

"The generally weak performance of Canadian corporate profits reflects the continued weakness of the economy," the bank's Economics Division says in the most recent edition of its Canadian Business Conditions Report.

According to the Report, the problem of low rates of return is underscored when actual profits are adjusted for inflation. As adjusted by the GNP price index, the real value of overall after-tax profits fell by 19.8 per cent., 9.1 per cent. and 1.8 per cent. in the first halves of 1975, 1976 and 1977 from their levels in the same periods of the previous years.

"The profit declines of 1975 were due to the recession of that year and were especially severe in comparison to the boom early in 1974," the Report says.

"The first half of 1976 saw the beginning of what has proven to be a weak and hesitant recovery period, which left profits essentially unchanged while profitability ratios declined. The weaker than anticipated results for the first half of this year reflect a continued lack of confidence and the negative impact of the anti-inflation programme upon real incomes and consumer expenditures."

The Report says statistics for the second half of 1977 may show some further modest improvement in both nominal and real profit levels. However, the economy is still expanding at a relatively slow pace, it adds, and as a result one cannot look for a very robust profit performance through the near-term.

The study highlighted by the Canadian Business Conditions Report analyses the after-tax profits of large Canadian non-financial corporations and of selected industry groupings for the first halves of 1975, 1976 and 1977. In it, the bank's economists have used the most recent data available on both profits as a percentage of sales and profits as a percentage of net worth.

According to the Report, resource-based industries showed the greatest improvement in the first half of 1977. Manufacturing generally fared worse than other sectors, with profits and profitability ratios falling consistently. Within manufacturing, the paper and wood industries recorded some strengthening in the first half of the year. Several industries—including machinery and electrical products—experienced sharp declines in profits and profit ratios.

REVLON

Third Quarter	1977 $	1976 $
Revenue	284.0m.	242.7m.
Net profits	22.6m.	18.83m.
Net per share	0.74	0.61
Nine Months		
Revenue	789.5m.	663.5m
Net profits	69.3m.	57.46m.
Net per share	2.27	1.89

GERBER PRODUCTS

Second Quarter	1977-78 $	1976-77 $
Revenue	111.4m.	101.7m.
Net profits	5.74m.	6.29m.
Net per share	0.71	0.78
Six Months		
Revenue	213.4m.	200.0m.
Net profits	10.14m	12.83m
Net per share	1.26	1.58

SOUTHLAND CORPORATION

Third Quarter	1977 $	1976 $
Revenue	694.1m.	569.5m
Net profits	16.1m.	13.2m.
Net per share	0.85	0.71
Nine Months		
Revenue	1.87bn.	1.57bn.
Net profits	37.4m.	30.9m
Net per share	1.99	1.68

BURLINGTON INDUSTRIES

Fourth Quarter	1976-77 $	1975-76 $
Revenue	617.5m.	598.3m.
Net profits	20.7m.	25.1m.
Net per share	0.74	0.90
Year		
Revenue	2.39bn.	2.28bn.
Net profits	89.9m.	104.5m.
Net per share	3.18	3.74

UNION PACIFIC CORP.

Third Quarter	1977 $	1976 $
Revenue	628.3m.	503.4m.
Net profits	55.9m.	50.4m.
Net per share	1.18	1.08
Nine Months		
Revenue	1.82bn.	1.47bn.
Net profits	158.1m.	129.7m.
Net per share	3.34	2.78

LIGGETT GROUP

Third Quarter	1977 $	1976 $
Revenue	253.6m.	235.3m.
Net profits	*15.7m.	13.6m
Net per share	*1.78	1.48
Nine Months		
Revenue	687.5m.	668.1m.
Net profits	*2.85m.	31.66m
Net per share	*0.45	3.40

* Loss. † Results for 1977 include third-quarter and nine-month pre-tax charge of $16.3m., equivalent to $30m., or $2.32 a share, from write-off of Perk Foods subsidiary.

LTV CORPORATION

Third Quarter	1977 $	1976 $
Revenue	1.16bn.	1.13bn.
Net profits	*19.9m.	7.1m.
Net per share	*1.40	0.52
Nine Months		
Revenue	3.48bn.	3.40bn.
Net profits	*21.8m.	23.3m.
Net per share	*1.65	1.85

Loss. Results are after loss from discontinued operations of $35m. (same period last year $1.4m.) in third quarter and $36.7m. ($3.1m.) in nine months and after extraordinary credits of $21.5m. (nil) in third-quarter and $20.7m. (nil) in nine-months.

SUN COMPANY

Third Quarter	1977 $	1976 $
Revenue	1.57bn.	1.35bn.
Net profits	94.9m.	93.6m.
Net per share	1.86	1.93
Net share dil.	1.63	1.55
Nine Months		
Revenue	4.68bn.	3.91bn.
Net profits	269.1m.	270.8m.
Net per share	5.51	5.56
Net share dil.	4.59	4.47

McDONNELL DOUGLAS

Third Quarter	1977 $	1976 $
Revenue	799.3m.	785.5m.
Net profits	29.31m.	24.13m.
Net per share	0.76	0.63
Nine Months		
Revenue	2.45bn.	2.65bn.
Net profits	88.7m.	80.49m.
Net per share	2.31	2.11

Firm backlog September 30, $3.524bn. (year earlier $2.097bn.). Total backlog approximately $8.442bn. ($5.871m.).

WALTER KIDDE & CO.

Third Quarter	1977 $	1976 $
Revenue	408.5m.	325.5m.
Net profits	15.27m.	11.90m.
Net per share	1.35	1.09
Net share dil.	1.22	1.03
Nine Months		
Revenue	1.70bn.	912.5m.
Net profits	38.61m.	33.44m.
Net per share	3.48	3.09
Net share dil.	3.26	2.94

Barclays International stake in FNCB-Waltons

BY JAMES FORTH

SYDNEY, Nov. 1.

THE U.K. BANKING group Barclays Bank International plans to pay $A18.9m. for the 50 per cent. interest of Citibank of the U.S. in finance company FNCB-Waltons Corporation. The companies announced almost three months ago that discussions were being held, but the agreement was apparently delayed by the question of what to do about FNCB-Waltons' heavy commitment in property loans.

The solution agreed upon, which is still subject to the approval of the relevant Australian, U.S. and U.K. authorities, is for Citibank to retain the property and commercial financing activities. These activities are at present carried out by a subsidiary, FNCB-Waltons Finance, which will be acquired by Citibank and re-named FNCB-Finance. The consideration, if any, for this part of the deal was not disclosed.

FNCB-Waltons Corporation, which will not be jointly owned by Barclays and the retail group Waltons, will be renamed Barclays Credits Corporation. Barclays already has a merchant bank operating in Australia, but the latest move will considerably extend its local activities.

Barclays Credit will continue to fund the consumer receivables of Waltons, which are guaranteed by Waltons, although the retailer normally only repurchases slow-paying accounts.

The sales arose because of a conflict of interest by Citibank in its financing interest in Australia. Citibank bought into FNCB-Waltons in 1966, while in 1970 it acquired a 40 per cent. stake in a rival financier IAC Holdings. Early in 1975, Citibank took management control of IAC after it also ran into difficulties with property loans, and lifted its stake to 51 per cent.

IAC's problems continued to mount, and Citibank recently bought out the Australian public's interest in IAC to give it 100 per cent. ownership. Citibank and Waltons felt that this created a potential conflict of interest, which will be resolved by the sale to Barclays.

Swiss call for ban on premature payments

BY JOHN WICKS

BASLE, Nov. 1.

AT TALKS with commercial banks last week, the Swiss National Bank indicated that it would press for a ban on premature repayments of foreign private placements, the Swiss Bank Corporation (SBC) disclosed here.

For the first nine months of this year, SBC puts total repayments on the Swiss capital market at almost 40 per cent. of issue volume.

There has been a marked decrease this year in issues of medium-term notes in Switzerland by foreign borrowers. Swiss Bank Corporation of Basle estimates the combined value of these private placements at some Sw.Frs.4.5bn. for 1977, or less than half the record sum of Sw.Frs.10.5bn. issued last year. At present, Japanese borrowers in particular are in the market with Swiss-franc notes, the bank claims.

This drop in private placements, for which issues no ceiling is imposed by the authorities, is seen as reflecting the appreciation of the Swiss franc exchange rate and a high level of corporate liquidity.

On the bond market, however, foreign borrowings should come close to 1976 totals this year. For the first nine months, these public issues amounted to Sw.Frs.2.48bn., as compared with Sw.Frs.2.57bn. in the corresponding period of last year.

A sharp decline has taken place in the field of domestic bonds. Should all proposed domestic loans be floated in the fourth quarter, the combined new-money total for this year would be as much as 44 per cent. down on 1976, at Sw.Frs.4.9bn. This is attributed to the smaller capital requirements of the Confederation and the relatively high proportion of issues which have been made merely to refinance maturing issues.

Apart from the fall in the overall issue volume, the bank points to a high level of premature repayments on the capital market in 1977 due to falling interest rates and, in the case of foreign borrowers, the stronger Swiss franc.

The relatively limited number of new loans is faced by a very lively investor demand, leading to what the bank calls a "definite investment emergency." Interest rates in Switzerland are expected to fall further, not least in view of low inflation.

MacMillan Bloedel sharp increase

By James Scott

TORONTO, Nov. 1.

GOOD DEMAND for newsprint and building materials offset unsatisfactory demand for fine board and pulp in the third quarter of this year, and MacMillan Bloedel, Canada's largest forest products company, was able to report a sharp increase in profit for the nine months ended September 30, compared with a year earlier.

The results also benefited from the lower value of the Canadian dollar against the U.S. dollar.

Profit from operations for the nine months was Can.$37.9m. or $1.69 a year, up from $13.4m. or 65 cents a share in the comparable 1976 period.

However, an extraordinary charge of $22m. reduced the net earnings for the latest nine months to $15.9m. The extraordinary charge relates to a reserve established against the company's investment in La Cellulose d'Aquitaine, a French pulp producer in which MacMillan Bloedel has a 40 per cent. interest.

In the third quarter of the year, prices for market pulp dropped sharply, particularly in Western Europe. This deterioration followed devaluations of the Scandinavian currencies and occurred against a background of sluggish European economies and a continuing extraordinarily high level of inventories in the hands of North American and Scandinavian pulp manufacturers.

This situation adversely affected the present operations of La Cellulose, and also its future prospects. The reserve of $22m. provided against the investment in the French company had no adverse effect on MacMillan Bloedel's cash flow or basic financial strength, the company said.

International Paper $65m. investment

INTERNATIONAL Paper Company has announced four capital investment projects totalling $65m. as part of a programme to reduce manufacturing costs and improve productivity at pulp and paper mills, AP-DJ reports from New York.

The mills affected by the projects are in Gardiner, Or., Vicksburg, Miss., Natchez, Miss. and Camden, Ark.

A $41.2m. project at its Gardiner containerboard mill will increase the mill's production rate from 550 tons to 850 tons a day, while "significantly reducing manufacturing costs," the company said.

Chrysler contract

THE U.S. ARMY has awarded Chrysler Corporation a $232.9m. contract addition for 840 M-60 tanks.

هكزامن الأهل

Increased loss for Statsföretag

BY WILLIAM DULLFORCE

STOCKHOLM, Nov. 1.

STATSFÖRETAG, the Swedish state holding company, made a Kr.1bn. [illegible] has accelerated. The tax loss of Kr.926m. ($196m.) [illegible] slide during the eight months is [illegible] the first eight months of 1977, due entirely to the declining [illegible] loss is equivalent to [illegible] per [illegible] market for the [illegible] group's four basic industrial [illegible] consolidated sales for more companies, ASSI, the forest pro- [illegible] 30 companies in the group ducts concern, the LKAB iron [illegible] compares with the Kr.33m. mining company, the NJA steel [illegible] shown in the eight-month works and Berol Kemi, a [illegible] for 1976. chemicals company. The export [illegible] the managing content of the consolidated turn- [illegible] expects the pre-tax loss over fell from 52 to 49 per cent [illegible] the year as a whole to be Together, these four com- [illegible] Kr.1.5bn. One half a panies suffered a Kr.103m. drop [illegible] in sales to Kr.3.0bn. during the [illegible] four-month stage eight months, and recorded [illegible] comparable figure for 1976 losses totalling Kr.868m. The [illegible] a loss of Kr.869m. This remaining Statsföretag com- [illegible] however, included a Kr.403m. panies gave pre-tax earnings of [illegible] the state shipyards, [illegible] a decline of Kr.33m. [illegible] The most profitable company [illegible] the new state ship- during the period was Svenska [illegible] company. Tobaks, the Swedish tobacco [illegible] The interim report and 1977 company, which actually im- [illegible] forecast indicate that proved earnings by Kr.8m. to [illegible] pace of the holding company's profit collapse since 1974. Kr.151m.

Group capital investment shrank by one-third to Kr.757m. and is expected to total Kr.1.36bn. by the end of the year. The bulk of the spending went to projects which had been decided on some time ago and which it has not been possible to postpone.

The Kr.926m. loss is struck after planned depreciation, and would be Kr.378m. higher if cost-calculated depreciation were applied. It contains state stock subsidies of Kr.90m. and stock profits of Kr.23m. exchange losses of Kr. 311m. are included, most of them stemming from the successive devaluations of the Krona. The net financial costs rose from Kr.126m. for the corresponding period last year to Kr.540m.

Extraordinary items include a Kr.247m. loss from the transfer to the new shipbuilding company of the shares in two shipyards, and income of Kr.314m. from the reconstruction reserve for the NJA steelworks, giving a pre-tax loss after extra-ordinary items of Kr.861m., comparable with a loss of Kr.92m. last year.

The group's capital requirements during the period were met by an increase of some Kr. 1.1bn. in long-term borrowings, and by drawing on the Kr.1.8bn. state grant made last year for the reconstruction of the NJA steel works. The long-term borrowing included $40m. and DM100m. bond issues on the international market. Liquidity is described as "still good".

During the eight months, Statsföretag was relieved of responsibility for the state shipyards, but from next year it can be expected to acquire the new Swedish steel company to be formed from the merger of NJA, Gränges, Oxelösund steel works and Stora Kopparberg's Domnarvet steel works. The state will have a half share in this company.

FAR EASTERN NEWS

Bid for Far Eastern Hotels

BY OUR OWN CORRESPONDENT

SINGAPORE, Nov. 1.

FAR EASTERN HOTELS Development (FEHD)—owner of the Singapore Hilton Hotel—has announced that it has received notice of a take-over offer for FEHD shares from its sister company, FEP International Pte. The bid, at Singapore $1.18 per share cash, is for shares not already held by FEP or Mr. Cho Jock [illegible] (Chairman of FEHD) and related companies—International Holdings Pte., and FEP International (Hongkong).

A statement released [illegible] Merchant Bankers [illegible] (MB) which has been appointed adviser to FEHD, said that Mr. [illegible] together with his associates own 23.68m. shares in FEHD, equivalent to 59 per cent of the company's issued capital. Mr. Cho and his associates also own most all the shares of FEP.

The offer for the remaining 41 per cent of FEHD's issued capital of 40m. Singapore $1 per shares will cost FEP some S$19.25m. It is, however, not conditional upon acceptance being received in respect of a minimum number of shares.

Morgan Grenfell Asia has been appointed to advise minority shareholders of FEHD. The deal, however, will require the approval of the Securities Industry Council and other relevant authorities.

FEHD is still involved in a protracted dispute with the Stock Exchange of Singapore over its accounts and a number of questionable transactions. Trading in its shares has been suspended since January 1976.

In January this year, the company was put into receivership by the Overseas Chinese Banking Corporation, which has made claims amounting to S$13.3m. on the company.

A statement of assets and liabilities as at January 6 this year, prepared by the receivers, Price Waterhouse, showed net tangible assets per share of S$1.12. The statement, however, contains several reservations over the company's assets.

FEP, which has a paid up capital of S$500m. and employs some 400 workers, is one of the largest publishing and printing firms in South East Asia. It was also put into receivership in January this year over a S$3m. loan by United Malayan Banking Corporation.

Mr. Cho, however, pulled off the remarkable feat of taking FEP out of receivership within a few months after the receivers were appointed, without external financing. The debt FEP owed was paid off from one of its export bills. FEP also claimed that none of its assets were sold during the receivership.

Mr. Cho said that FEP has no intention of selling the hotel after the acquisition of FEHD shares from minority shareholders. FEP, he added, will also seek refinancing to repay FEHD's principal bankers, the Overseas Chinese Banking Corporation and the United Malayan Banking Corporation.

Nissan sees unchanged profits for full year

NISSAN MOTOR said it expects after-tax profit of about Y55bn. for the year ending March 31, unchanged from the Y55.29bn. last year, reports Reuter.

Sales will rise 11.8 per cent to Y2,260bn. from Y2,020bn., and Nissan said it will declare dividends totalling Y16, unchanged from last year.

Nissan reported first half profits of Y42.47bn. against Y41.97bn. on sales of Y1,080bn. (Y1,000bn.), with earnings per share down to Y33.87 (Y33.69). The interim dividend is unchanged at Y8.

Domestic sales of vehicles in the first half fell 4.5 per cent to 541,700 units from 566,000 in the same period of last year, while exports rose 8.2 per cent to 608,100 from 561,900, Nissan said.

A Y17bn. rise in earnings from increased vehicle sales and a Y12bn. cut in costs offset by losses of Y13bn. from higher labour costs and Y18bn. from rises in raw material prices, the company said.

Production fell 1.6 per cent to 1.14m. units in the first half from 1.16m. last year, but second half output will total 1.24m. units, with domestic sales forecast at 615,000 and exports at 620,000, the company added.

Optimism at Kon. Photo:

Financial Times Reporter

AT A conference in London yesterday to introduce the offer of 12m. Ordinary shares of Konishiroku Photo Industry, to be evidenced by European Depositary Receipts, Mr. Kawamoto, Senior Managing Director, said that, while results for the first half of this year were not yet available, the company expected for the year as a whole to report a modest increase in non-consolidated and a marginal increase in non-consolidated net income compared with last year.

In the medium term, he added, the company aimed to achieve non-consolidated net sales of Y200bn. ($740m.) and non-consolidated net income of Y20bn. ($74m.) in the year ending April 1981.

Plain paper copiers were regarded as the prime sales growth area for the coming three to five years.

In the field of colour papers and cameras, the company looked for steady but more gradual increase rather than a rapid growth.

Nippon Oil sees gain

NIPPON OIL Company expects a 75.7 per cent. gain in after-tax profit for the year ending in March, to a record Y16.1bn., from Y9.16bn. last year, Reuter reports from Tokyo.

Sales will rise 4.5 per cent. to Y1,840bn., from Y1,760bn., it said.

The company plans to declare an unchanged dividend of Y6 per share of Y50 par value, including an interim dividend of Y3. Earnings per share in the first half rose to Y17.64, from Y11.19.

Nippon Oil reports a 57.7 per cent. rise in after-tax profit for the first half, to Y7.94bn., from Y5.03bn. in the same period last year, following a greatly increased exchange profit.

Sales in the half rose 8.7 per cent. to Y859.77bn., from Y791.14bn.

The company is to increase its capital to Y29bn., from the present Y22.5bn.

Rights are given to shareholders as of January 10, 1978, on a one-for-five issue at par of Y50.

The company will also offer a total of 40m. new shares for public subscription at market price, with payment required by the end of next March.

Property companies disappoint

BY RICHARD ROLFE

JOHANNESBURG, Nov. 1.

LATEST FIGURES from the two main quoted South African property groups, Anglo American Properties (Amaprop) and Sorec, both of which are in the Anglo American stable, show continued poor profit performance. However, with signs of an improving market for central business district office properties, there are some grounds for believing that these results will mark the low point of both companies' fortunes.

Amaprop made a consolidated loss before taxation of R0.3m. in the six months to September 30, unchanged from the previous comparable period, but after tax of R0.2m. the loss was a shade higher. No dividends were paid during the financial period, and the group's preference share dividends are now substantially in arrears.

The Board notes that revenue does not accrue evenly through the year, mainly because of the activities of group land trading companies. It adds that results for the current six months should show some improvement.

At Sorec, which was originally a Schlesinger Organisation company and was first brought into the Anglo American Group through the acquisition of Schlesinger by Rand Selection, now in turn merged with Anglo American itself, the story is similar, although Sorec's generally better established property portfolio still manages to show a profit.

Its financial year-end, previously September 30, is being changed to March 31. Thus the latest figures are the first 12 months of what will be an 18-month accounting period to March 31, 1978, to coincide with Anglo American's new financial year-end.

However, the latest figures have been annualised and show group pre-tax profit of R1.8m. for the 12 months to end September 1977, as compared with R3.4m. for the 15 months to end September 1976.

There is no dividend for the 12 months to September 1977, against 6.5 cents for the previous 15-month period. High operating costs are not being matched as yet by improving rental income, and profitability for the six months to March 1978 is forecast to remain at current levels.

CAPITAL MARKETS

South Korea borrowing in Tokyo

BY DOUGLAS RAMSEY

TOKYO, Nov. 1.

SOUTH KOREA is negotiating with the Japanese authorities for its first-ever public placement on the Tokyo money market, a move interpreted here as a sign that Japan is ready to pump large sums of cash into the Korean economy over the next five years. Ironically, though, the talks on a Y16bn. placement by the official Korean Development Bank are proceeding just at a time when two other foreign borrowers have postponed their yen-denominated issues.

The New Zealand and Austrian Governments put off placements originally scheduled for October and November respectively, though New Zealand will now float its issue at the end of November. The Ministry of Finance had hoped for a record number of placements in these months to take some of the heat off Japan's rising foreign exchange reserves—cuts in the Bank of Japan's official discount rate (now at 4.25 per cent.), moreover, have prompted several applications for fourth-quarter issues.

Now, however, borrowers are having second thoughts about borrowing yen, even at Y250 to the dollar, for fear that it may be even stronger when it comes time to paying interest and ultimately repaying the debt. The move is in sharp contrast to foreign purchases of Japanese bond coupons, which rose to $437m. in September and may have been a third higher in October.

Korea has arranged direct placements with Japanese lenders on frequent occasions, and is also eligible for Government development finance, notably from Japan's Eximbank. Until now, though, Japanese authorities have considered the Republic of Korea as ineligible for raising yen publicly in Japan. Rules policed by the Ministry of Finance require a borrower to have made at least three international public issues in the past five years—recently, the Korean Development Bank made a Deuttschemark issue, as well as two Eurodollar issues last December and February (each for $25m.). Thus, South Korea now rates among the privileged countries allowed access to the yen bond market. In Asia, only the Asian Development Bank and the Government of Singapore have operated yen placements in Tokyo so far.

Most foreign bankers in Tokyo see the Korean placement as a major test of Korea's borrowing terms (traditionally onerous on the Euromarket, and only a bit less so in New York). Sources say that the KDB, however, can hope to get a rating at least as good as Brazil's in Tokyo. Brazil, in fact, is one of the November yen borrowers, and bankers expect its borrowing to carry between 7.2 per cent and 7.3 per cent.

Another figure mentioned for the KDB coupon rate is the 7.1 per cent, on a Mexican borrowing, but the rates may change remarkably in the Tokyo market between now and late January when the Korean placement is expected. The Industrial Bank of Japan is lead manager, and Yamaichi Securities is lead underwriter.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	98½	99½
AMEV 8pc 1987	96½	97½
Australia 8½pc 1982	97	97½
Australian M. and S. 9½pc 1992	99½	100½
Barclays Bank 8½pc 1992	98	98½
Bowater 9½pc 1992	99½	100½
[illegible]	[illegible]	[illegible]
EEC 7½pc 1984	97½	98
Enso Gutzeit 8½pc 1984	97½	98
Gotaverken 7½pc 1982	95	95½
Kockums 8pc 1983	95	95½
Michelin 8½pc 1983	100	100½
Montreal Urban 8½pc 1981	99½	100½
New Brunswick 8pc 1984	99	99½
[illegible]	[illegible]	[illegible]
OKB 1985 6½pc	95½	99½
SNCF 1985 6½pc	98½	96½
Stand. and Chart. 1984 6½pc	99½	99
Wms. and Glyns 1984 6½pc	95½	95½

Source: White Weld Securities.

CONVERTIBLES

	Bid	Offer
[illegible]	[illegible]	[illegible]

Source: Kidder, Peabody Securities.

AMERICANS

[illegible]

Asarco

HOME NEWS

World economy 'no reason to block trade'

PRESENT difficulties should not serve as an excuse for perpetuating restrictions on free trade, said Mr. Choong Boon Park, president of the Korean Traders Association, in London yesterday. He was speaking on the second day of the conference on European Business in World Development, organised by the Financial Times and the International Chamber of Commerce.

The chairman of the second day was Sir Reay Geddes, chairman of Dunlop Holdings.

Mr. Park predicted that the Korean economy would continue to grow at an average rate of more than 9 per cent. a year and that per capita income would reach $1,500 by 1981. The phenomenal success of the economy was in part due to the existence of a well-trained and inexpensive labour force.

Exports had expanded more than 40 per cent. a year since the 1960s. By last year heavy industry accounted for more than 30 per cent. of exports, with light industrial products taking 50 per cent.

Unfair

Korea-Europe trade had grown from $300m. in 1971 to $2.1bn. last year. Trade with the U.K. was worth $425m. last year. But Korea's share in European trade was still only 2 per cent. "There is still much room for trade expansion."

The erection of import barriers by advanced countries—especially for textiles, footwear and TV sets—was one of the gravest problems facing Korea. This contravened GATT principles and was unfair.

Korea was, however, taking steps to avoid heavy concentration in the sensitive areas. There was a planned shift to heavy and chemical industry sectors.

The EEC should play its part in championing the cause of free trade. "I believe that the human race has yet to find a better substitute than free trade to assure a maximum degree of prosperity for all."

Resources

Mr. John Methven, director-general of the Confederation of British Industry, said industrial nations must find ways of giving practical effect to their moral commitment to the Third World.

There were two major ways to promote industrialisation. One was to assist in the creation of a stable market environment and the other was to facilitate the transfer of industrial resources—including management skills—to the emerging nations.

The developed countries must rediscover the path to growth, and that meant stable prices. It also meant a sharing of the balance-of-payments deficit through international co-operative action. Japan, for example, must become as successful an importer of goods as she was an exporter.

Capital flows to the Third World from the EEC were extremely important. The EEC members were the most significant overseas investors in developing countries, and the U.K. was the largest among them.

Moral

There was a good deal of misunderstanding about the role of international companies, however. Multinationals had come under attack—yet on any definition, they were only companies with affiliates abroad. Many of the developing countries were building up such companies.

M. Jean Rey, a former president of the Commission of the European Community, spoke of political and moral problems for business in its relations with the developing world.

It was comparatively easy to say what Governments should do: they should recognise that we had lived through an extraordinary expansion in the years from 1950 to 1970, partly due to the system of fixed exchange rates which had been general in that time. Governments must attempt to maintain stability.

Governments also had to recognise the success of regional groupings, like the EEC. They must do more in this direction.

Problem

The role of business was harder to define. It should assist Governments in their attempts to liberalise trade, even where there was fierce competition. It should also reject criticism of the multi-nationals, which had been one of the most efficient methods of business organisation yet seen.

The major moral problem was that of corruption. M. Rey said that as a member of the International Chamber of Commerce Commission on ethical practices, he had been giving some thought to the matter. It was not possible to sit back and close one's eyes.

The forthcoming report of the ICC Committee would have three parts: a recommendation to Governments: a code of conduct: and the proposal to establish a panel which would police the code of conduct.

Mr. S. M. Yassukovich, managing director of the European Banking Company, saw the developing nations caught in a vicious cycle of loan borrowing, which started with the huge oil price increases initiated by the OPEC nations in 1973.

The non-industrialised nations were borrowing money to finance repayment of present loans. By 1980 one out of every two dollars borrowed would be used to repay debts, and by 1985 this would have risen to two out of every three dollars.

Developing local cost finance capital could partly reduce the trend. But until there was a stable political and social climate which generated confidence among domestic investors this capital would remain frozen to the developing nations.

Mr. J. R. Gillum, deputy chairman of Samuel Montagu and Co., called for a freeing of risk capital through worker monetary participation and for a greatly reduced company tax rate in Britain.

The human element played an important part in capital risk investment which the banking and insurance institutions were not able to accept. Gambling with money on investment was a choice only an individual could take.

With harmonisation of taxation and a liberalisation of international investment, more industries would be freed to invest in the developing nations.

Workers, who needed intellectual participation in companies, should also be encouraged to take a monetary part in the investment of the company.

Balance

Lady Jackson (Barbara Ward) said in summing up the conference it was clearly time for the developed nations to accept the responsibility of helping the developing nations through aid, investment and technology. "We have only one way forward—to redeem the promise of our affluence."

A balance must be struck between the private and public sectors to help the world community grow. She called for the arms budget, which constituted $375bn a year, to be reduced by combined pressure on the U.S. and Russia.

FINANCIAL TIMES European Business CONFERENCE

CBI QUARTERLY SURVEY OF INDUSTRIAL TRENDS

Recovery prevented by concern over U.K. price competition overseas

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

CONCERN ABOUT British industry's ability to compete on prices in overseas markets has been helping to prevent any significant recovery in business confidence according to the CBI's quarterly industrial trends survey which was published yesterday.

Coupled with a lack of any permanent indication of how the new pay round will develop, this has meant there is no widespread optimism about general prospects even though there has been no further decline in business confidence.

This emerges from the CBI's survey inquiries which were carried out between October 3 and 19 when the prospect of the Chancellor's economic package, launched last Wednesday, was helping to create some confidence.

But the survey, based on replies from some 2,000 manufacturing companies employing a total of 3m. people, was not able to interpret reactions to the floating of the pound on Monday. So the worries about export prices that do emerge from the replies (estimated to account for approaching half Britain's manufactured exports) are now likely to be greater.

The survey found export order books remained stronger than total order books but that the rapid upward momentum of the early part of this year has not been regained. There is increased pessimism about prospects for the next 12 months.

Export prices are being severely constrained by market conditions, says the CBI's report on its survey, and worsened price competitiveness is a major problem, especially in the metals and textiles industries.

As historically high 61 per cent. of respondents to the survey regarded their export prices relative to their competitors as a constraint on exports.

The CBI also reports that generally the volume of output and new orders have been weak in the past four months and that below-capacity working has become more widespread, although new orders and output are expected to strengthen over the next four months.

There is evidence of a further slight easing in cost pressures and of a more pronounced slowing in output prices. Investment intentions are strong by past standards but corporate liquidity has not improved during the past 12 months and may have worsened, despite a forecast from the CBI in April that there would be an improvement.

The survey also shows a more promising future for smaller firms and this is specially evident on employment where trends are clearly stronger among the smallest companies and weakest among the largest.

On employment generally the CBI says it expects overall "very little change" in the total of manufacturing employment between May and September this year and a "very slight decline" between now and next January.

The policy implications which the CBI draws from its survey are that the economy has been undershooting and that there was therefore some justification for last week's economic package.

It specially welcomed the tax help for small firms as a "step in the right direction." But it says the potential for the development of such firms shown in the survey underlines the need to do more to restore their incentives and reduce the tax and administrative burdens of their operations.

On a broader front, the CBI says the survey does not yet show any real recovery in business confidence. Market conditions, especially for exports, are forcing a more rapid deceleration of price increases than of cost increases.

"Despite the weakness of export prices, 61 per cent. of firms in manufacturing industry views prices relative to competitors' as likely to inhibit export orders over the next four months: this figure is as bad as that in January 1976 before last year's sterling depreciation and only once (October 1975) since the pound was floated in 1972 has there been a worse, and that only slightly worse, figure."

Deliveries

Generally the survey shows that other constraints to exports—delivery dates and political and economic conditions—are of no greater or lesser significance than in the past.

In the survey 25 per cent. of companies are less optimistic than they were three months ago about export prospects over the next 12 months, while 21 per cent. are more optimistic.

This a slight deterioration on the mid-summer position and also contrasts unfavourably with views recorded in the previous 18 months. Pessimism is particularly evident in metals and textiles while there is relative optimism in the vehicles industry and in businesses concerned with food, drink and tobacco.

Marginally fewer companies have reported an increase in the volume of new export orders over the past four months. Again textiles and metals have fared worst out of the broad industrial groups.

The balance of companies expecting the volume of orders to increase over the next four months is worse than it was in April but better than in July.

Producers of investment goods are showing the best trends here while the weakest are among producers of ferrous metals, organic chemicals and building materials.

Nearly 70 per cent. of the companies in the survey said they were working below a satisfactory full rate of operation. This is slightly worse than in July says the CBI, adding: "After a slow improvement in the 12 months from January, 1976, the percentage of firms working below capacity is back at a level worse than at the 1963 and 1967 troughs and scarcely better than in 1972.

"As has been the case throughout the past year, below-capacity working is less common among the smallest firms than among the largest and less common among the producers of consumer goods than elsewhere.

"The capital goods sector is the only one in which below-capacity working has not become more widespread since July."

Stocks

As before, expectations of lower stocks appear not to have been realised with respondents reporting increases in the volume of stocks of raw materials and bought-in supplies, of work-in-progress, and of finished goods. Stocks of materials and supplies and finished goods are again expected to decrease in the coming four months.

Among factors likely to limit output, a shortage of orders or sales in the coming four months is listed by 75 of all respondents.

Shortage of skilled labour is the most frequently quoted (by 19 per cent.) of the remaining factors, with lack of plant capacity being quoted by 10 per cent. Shortage of materials and components is the reason given by 7 per cent.

CBI Industrial Trends Survey October 1977 Number 66 Full Results Annual subscription £50 (£20 to CBI members) 21, Tothill Street, London, S.W.1

Export Trade

Firms completing these questions have direct exports exceeding £10,000 per annum. Number of respondents 1,564.

	More	Same	Less	N/A
Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago	21 (17)	51 (64)	25 (19)	3 (—)

Excluding seasonal variations, do you consider that in volume terms:

	Above normal	Normal	Below normal	N/A
Your present export order book is	18 (21)	43 (40)	36 (37)	3 (2)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months Up	Same	Down	N/A	Expected trend over next four months Up	Same	Down	N/A
Volume of total new export orders	29 (30)	42 (44)	26 (23)	4 (3)	33 (30)	51 (54)	13 (13)	3 (3)
Volume of export deliveries	28 (36)	46 (44)	23 (19)	4 (1)	33 (33)	50 (54)	13 (13)	3 (1)
Average prices at which export orders are booked	34 (45)	52 (43)	10 (10)	4 (2)	43 (49)	45 (43)	8 (6)	4 (2)

What factors are likely to limit your ability to obtain export orders over the next four months:

Prices (compared with overseas competitors)	Delivery dates	Credit or finance	Quota and import licence restrictions	Political or economic conditions abroad	Other
61 (56)	20 (20)	8 (9)	11 (13)	38 (39)	11 (11)

Details of Trends

TOTAL TRADE—2,024 respondents. All figures are percentages based on a weighted sample. Figures in parentheses show the response to the survey carried out last July.

	More	Same	Less	N/A
Are you more, or less, optimistic than you were four months ago about the general business situation in your industry	15 (13)	64 (67)	21 (20)	[illegible]

Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on:

	More	Same	Less	N/A
(a) Buildings	23 (25)	40 (37)	26 (29)	[illegible]
(b) Plant and machinery	42 (45)	35 (33)	21 (22)	[illegible]

	Yes	No	N/A
Is your present level of output below capacity (that is, are you working below a satisfactory full rate of operation)	69 (66)	30 (33)	[illegible]

Excluding seasonal variations, do you consider that in volume terms:

	Above normal	Normal	Below normal	N/A
(a) Your present total order book is	14 (14)	40 (40)	45 (45)	[illegible]

	More than adequate	Adequate	Less than adequate	N/A
(b) Your present stocks of finished goods are	18 (21)	55 (55)	10 (10)	[illegible]

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months Up	Same	Down	N/A	Expected trend over next four months Up	Same	Down	N/A
Numbers employed	22 (22)	56 (52)	22 (26)	— (—)	17 (19)	64 (64)	18 (17)	— (—)
Volume of total new orders	29 (31)	46 (44)	23 (21)	2 (4)	30 (26)	60 (58)	8 (13)	2 (3)
of which: Domestic orders	23 (25)	44 (44)	27 (27)	6 (5)	24 (20)	61 (61)	10 (14)	5 (5)
Volume of output	24 (29)	50 (50)	25 (20)	1 (1)	30 (31)	57 (55)	12 (14)	1 (—)
Volume of domestic deliveries	20 (24)	51 (50)	28 (24)	1 (1)	29 (24)	60 (60)	10 (15)	1 (1)
Stocks of: (a) Raw materials and brought in supplies	25 (26)	54 (55)	19 (18)	2 (2)	15 (12)	62 (67)	21 (19)	2 (2)
(b) Work in progress	25 (25)	56 (56)	12 (12)	6 (6)	16 (16)	67 (63)	16 (15)	6 (6)
(c) Finished goods	24 (33)	46 (40)	17 (14)	13 (13)	16 (26)	52 (54)	20 (17)	12 (13)
Average costs per unit of output	73 (73)	23 (23)	3 (1)	— (1)	70 (77)	27 (20)	2 (2)	1 (1)
Average prices at which: Domestic orders are booked	52 (59)	42 (36)	6 (3)	1 (2)	54 (62)	42 (32)	3 (3)	1 (3)

Approximately how many months' production is accounted for by your present order book or production schedule:

Less than 1	1-3	4-6	7-9	10-12	13-18	More than 18	N/A
14 (13)	40 (41)	16 (16)	4 (4)	3 (3)	1 (1)	3 (3)	[illegible]

What factors are likely to limit your output over the next four months:

Orders or sales	Skilled labour	Other labour	Plant capacity	Credit or finance	Materials or components	Other
74 (75)	19 (21)	6 (5)	10 (11)	3 (4)	7 (9)	6 (5)

Factors likely to limit your capital expenditure authorisations for buildings, plant and machinery over the next 12 months:

(a) I have adequate capacity to meet expected demand ......

(b) Although I have adequate capacity, I have also capital investment opportunities which would be profitable at the present cost of finance, but I shall not be undertaking some of them for the following reason or reasons:

(i) Shortage of internal finance ......

(ii) Inability to raise external finance ......

(iii) Shortage of managerial and technical staff ......

(iv) Shortage of labour ......

(v) Other ......

(c) My capacity is not adequate to meet expected demand but I do not intend increasing my capacity. This is for the following reasons ......

(i) Not profitable because of the cost of finance ......

(ii) Shortage of internal finance ......

(iii) Inability to raise external finance ......

(iv) Shortage of managerial and technical staff ......

(v) Shortage of labour ......

(vi) Other ......

(d) None of the above is applicable ......

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office

OPERA & BALLET

COLISEUM. ENGLISH NATIONAL OPERA [illegible]

COVENT GARDEN. THE ROYAL BALLET [illegible] THE ROYAL OPERA [illegible]

SADLER'S WELLS THEATRE. HANDEL OPERA. ACIS AND GALATEA [illegible]

THEATRES

[illegible]

CINEMAS

[illegible]

ART GALLERIES

ROY MILES GALLERY

6, Duke Street, St. James's, S.W.1.

THE VICTORIAN ERA EXHIBITION

Exhibition Now On

[illegible]

APPOINTMENTS

European group director for Rank Xerox

Mr. Hamish Orr-Ewing, who has been managing director of Rank Xerox (UK) since 1971, has been promoted director of a group of Rank Xerox European operating companies. Subsidiaries within his responsibility include Rank Xerox (UK), of which he becomes chairman.

Aged 53, Mr. Orr-Ewing joined Rank Xerox Ltd. in 1965 to become new product manager, having spent much of his earlier career with Ford Motor Company. He was made a member of the Board of that company in 1968.

The new managing director of Rank Xerox (UK) is Mr. Wayland Hicks, who became its director of operations in 1976 after ten years with Xerox Corporation in the U.S.

See Men and Matters, Page 18

★

Mr. G. H. Cartwright and Mr. A. B. Brooker, have been appointed to the Board of the PROVIDENT FINANCIAL GROUP as non-executive directors. Mr. Cartwright is an executive director of Octopus Books. Mr. Brooker is managing director of the Exchange Telegraph Company (Holdings) and a director of other companies within the Extel Group.

★

Mr. G. S. Stone has become chairman of ANTOFAGASTA (CHILI) AND BOLIVIA RAILWAY COMPANY and subsidiaries in place of Mr. L. F. Crick, who has retired.

★

Mr. A. G. Wilkinson, Mr. D. A. Griffiths and Mr. G. Ross have joined the Board of FORWARD TRUST, the finance house member of the Midland Bank group. Mr. Wilkinson will be concerned with default and field administration and Mr. Griffiths becomes director in charge of marketing. Mr. Ross continues as regional director, Midlands, and joins the Forward Trust Board as a non-executive director. Mr. T. E. Fisher (former vice-chairman) has resigned from Forward Trust in view of his increasing responsibilities as deputy chairman and chief executive of the Thomas Cook Group. Mr. T. J. Johnson and Mr. S. J. Porter are moving to new positions within the international division of the Midland Bank.

★

Mr. K. B. Jenkins has been appointed joint managing director of BRITISH COCOA MILLS (HULL), a subsidiary of Gill and Duffus Group.

★

Mr. Bill Mustoe has been appointed managing director of BEAVER PAINTS and the HYGIENIC PAINT COMPANY, which comprise the paint interests within the building products division of C. H. Industrials.

★

Dr. Frank A. Green has been appointed managing director of BRITISH TWIN DISC, the U.K. subsidiary of Twin Disc Incorporated of America. He succeeds Mr. P. A. Duke, who is retiring.

★

Mr. Frank W. Knight has become deputy chairman of CAMPBELL'S SOUPS. Until recently, he was group managing director of Bristol-Myers.

★

Mr. Kenneth Cadbury is to be appointed to the new post of deputy managing director, telecommunications, at the Post Office from January 1 when Mr. P. F. Benton joins the Board of the Post Office as managing director, telecommunications. Mr. Cadbury has been acting managing director, telecommunications, since the retirement of Sir Edward Fennessy last July.

★

Four executive directors have been appointed to the Board of H.P. BULMER LIMITED following reconstruction of H.P. Bulmer Holdings. They are Mr. John Hines, in charge of U.K. cider marketing; Mr. Herbert W. Holmes, responsible for the pectin operation; Mr. John K. Rudgard, U.K. cider sales; and Mr. Terry Watts, U.K. cider production.

★

Mr. M. T. J. Wallis and Mr. R. E. M. Craker have been appointed assistant general managers within corporate finance division of MIDLAND BANK. Mr. K. J. Gardiner has become regional director Guildford.

★

Mr. T. M. Jones has been appointed Marine Excess Loss Underwriter of SPHERE DRAKE (UNDERWRITING). He was previously with Victory Insurance.

★

Mr. W. Juner, formerly manager of the manufacturing division of HENRY BALFOUR AND CO., has been appointed sales director. He will have additional responsibility for the glass-lined equipment division which he takes over from Mr. J. C. Stothard, who retires in May 1978. Mr. D. Traill, who was marketing manager, has been made director of manufacturing. Mr. T. Mair, manager of personnel, becomes a member of the Balfour Management Committee.

★

Mr. John Groves, chief of public relations in the Ministry of Defence since 1968, has taken over as director of information, the DEPARTMENT OF HEALTH AND SOCIAL SECURITY in succession to Mr. Peter Brown who is retiring from the public service.

★

Mr. Bryan A. McSwiney has been appointed to the Board of ALLIED INVESTMENTS.

★

Mr. J. F. Crosfield has been elected a non-executive director of BAKER PERKINS HOLDINGS.

★

Mr. E. Cedric Muslow retires as general manager of YORKSHIRE BANK on December 31. Mr. Graham Sunderland, at present deputy general manager, has been appointed general manager from January 1.

★

The BRITISH GAS CORPORATION is to merge its transport activities with those of its purchasing and supplies department. Its first transport controller will be Mr. Bernard J. Moss, previously senior supply officer (transport) at London headquarters.

★

Mr. P. J. Gilder has been appointed director of the PATENT GLAZING CONFERENCE in place of Mr. A. L. Francis, who has retired.

★

Mr. D. J. Coker has been appointed an executive director of CLOUGH SMITH. He continues as company secretary and his executive duties will include general services to operating units.

★

Mr. B. Rawley, formerly chief accountant of ENGINEERING COMPONENTS, has become finance director of that company which is a subsidiary of Turner and Newall.

هكذا من الأهل

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Off 11 on interest rate fears

OUR WALL STREET CORRESPONDENT

NEW YORK, Nov. 1.

[illegible] CONCERN about rising interest rates sent stock prices on Wall Street sharply lower over a [illegible] front in further light trading. The Dow Jones Industrial Average, after declining 4.33 yesterday, fell 11.44 further to 800.91. The NYSE All Common Index [illegible] declined 53 cents to $50.13, while [illegible]. Trading volume [illegible] 17.07m. shares [illegible]

[illegible]

OTHER MARKETS

Canada easier

An easier trend prevailed on Canadian Stock Markets yesterday in fairly active trading, the Toronto Composite Index declining 4.8 to 965.7, Metals and Minerals weakening 23.5 to 827.7 while Oils and Gas lost 5.0 to 1,212.5 and Banks 0.51 to 222.90.

However, Golds staged a good recovery with the index rising 14.8 to 1,209.4, while Papers added 0.97 at 90.23 and Utilities 0.16 at 158.65.

Liberian Iron Ore, which halved its dividend and reported reduced profits, declined $2¾ to $11, but Nordair "A" gained 40 cents to $4.60 on higher nine-month earnings.

PARIS, BRUSSELS, MILAN, SPAIN and VIENNA stock markets were all closed yesterday for All Saints Day.

AMSTERDAM — Share prices eased in quiet conditions due to the widespread European stock market closures yesterday, and Wall Street's overnight weakness.

Among Dutch Internationals, Unilever lost Fl.0.40 and Philips Fl.0.20.

Transports, Banks and Insurances were mixed, while Trading and Industrial stocks mainly softened.

Among the isolated firm spots were Elsevier, +Fl.4 better at Fl.239, and OCE Grinten, Fl.0.80 harder at Fl.145.

State Loans were lower.

GERMANY—Shares made further progress, often attaining new highs for the year, in fairly light trading despite the closure of other West German bourses for the All Saints Day holiday.

In Motors, BMW gained DM3.70 and Volkswagen were DM3 higher.

Elsewhere, AEG rose DM2.70 in active trading, while Siemens put on DM0.60.

Public Authority Loans were neglected and losses ranging to DM0.15 occurred.

Mark Foreign Loans were steady.

SWITZERLAND—Market was mainly easier in quiet dealings, with interest restrained by the continued weakness of the Dollar and the closure of several Continental Bourses.

Swissair declined Frs.9 to Frs.795 in Transports on further profit-taking.

Elsewhere, Hoffmann La Roche retreated Frs.750 to Frs.93,250, Interfood "B" Frs.110 to Frs.3,250, and Nestlé Bearer Frs.25 to Frs.2,550.

However, leading Banks were steady, while Zurich Insurance hardened Frs.25 to Frs.10,925. Oerlikon-Buehrle were Frs.5 firmer at Frs.2,390 in Financials.

STOCKHOLM—Easier tendency continued to prevail, although Asea gained Kr.2.0 to Kr.93.5.

OSLO—Banks were irregular, while Insurances, Shippings and Industrials eased.

COPENHAGEN—Banks and Insurances were higher, while Communications closed unchanged on balance. Shippings were slightly firmer, while Commodities and Industrials displayed mixed movements.

HONG KONG—The market gained further ground in active trading on increased buying interest.

Hong Kong Bank were actively traded and rose 30 cents to $HK18.30. Jardine Matheson, [illegible] and Swire Pacific put on 10 cents each to $HK13.60, $HK6.80 and $HK6.15 respectively.

Wheelock Marden added 5 cents at $HK2.45 and Hutchison 2.50 cents at $HK3.075. New World advanced 4 cents to $HK1.43 in a good business.

TOKYO—Stock prices generally declined following a further strengthening of the Yen. The Market Average lost 58.53 to 5,021.08, with volume 280m. shares (170m.).

Export-orientated Electricals, Vehicles and Precision Instruments were prominently lower, Sony falling Y30 to Y2,010, Pioneer Y60 to Y1,430, Toyota Motor Y11 to Y900, and Canon Y6 to Y449. Nissan Motors lost Y15 to Y740 on smaller-than-expected first-half earnings.

Oils and Constructions were also under pressure, with Nippon Oil weakening Y24 to Y509.

JOHANNESBURG—Golds recovered, reflecting firmer bullion indications.

West Driefontein advanced R2 to R23.50 and President Brand 75 cents to R14.75.

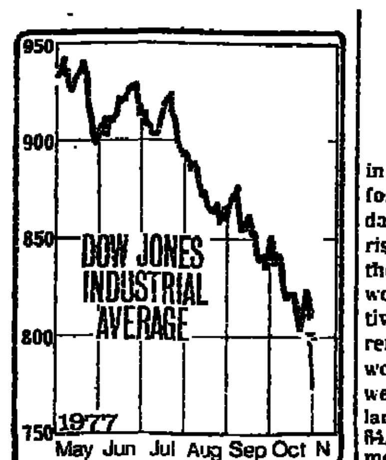
Financial Minings were higher in line with producers. Elsewhere, De Beers gained 12 cents to R4.75. Metal markets also gained ground. Platinum share Rustenburg Platinum rose 6 cents to R1.14 following a production cutback announcement.

AUSTRALIA—With the Melbourne stock market closed yesterday for a local holiday, shares on the Sydney exchange failed to establish a decided trend.

BHP reacted 4 cents to $A5.70 and Dunlop Rubber 5 cents to $A1.16, while Stores had Myer 6 cents lower at $A1.85. ANI, however, contrasted with a rise of 8 cents to $A1.51, as did EZ Industries with a similar gain to $A2.23.

Among Mining issues, Pancontinental moved ahead 60 cents to $A8.70 in response to the quarterly report. Queensland Mines and Kathleen Investments were around 9 cents higher, but Western Mining receded 5 cents to $A1.34 and Southland Mining 3 cents to 25 cents.

In Coals, Coal and Allied rose another 15 cents to $A3.45 and Thiess added 5 cents at $A2.30.



Indices

N Y S E ALL COMMON — Rises and Falls: Issues Traded 1,845; Up 345; Down 1,115; Same 385; New Highs 8; New Lows 90.

[illegible]

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. Φ Frs.500 denom. unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—97¼% (93%).

NEW YORK — CANADA — GERMANY ♦ — TOKYO ¶ — AUSTRALIA — BRAZIL — AMSTERDAM — BRUSSELS/LUXEMBOURG — PARIS — OSLO — JOHANNESBURG — SWITZERLAND ● — COPENHAGEN ♣ — MILAN — STOCKHOLM — VIENNA — SPAIN ♥

[illegible]

Source Nikko Securities Tokyo

Securities Rand Discount 35%.

Pound volatile

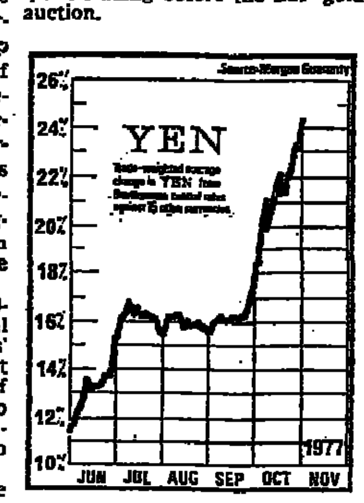
Sterling showed a slight gain in terms of the U.S. dollar in the foreign exchange market yesterday, after a further initial sharp rise had been lost as a result of the National Union of Mineworkers' vote against a productivity deal. Against major currencies in general the pound was weaker however, with its trade-weighted index, on Bank of England figures, falling to 64.4 from 64.6, after touching 65.1 in the morning and 64.6 at noon.

The pound opened at $1.8600-1.8630 against the dollar, but fell to $1.8430-1.8450 after the miners' decision was announced. As it became clearer that the Bank of England was not prepared to support sterling under these conditions it fell quite sharply, to a low point of $1.8330-1.8350.

There may have been some slight intervention by the authorities, but once again this was only to smooth market fluctuations as much as possible. In late trading the pound improved, to close at $1.8430-1.8440, a rise of 30 points on the day.

The dollar was very weak, falling to its lowest level ever against the D-mark, Swiss franc, and Japanese yen. It closed at DM2.2395 against D-mark, after touching DM2.2340, Sw.Frs.2.2150 against the Swiss franc, after falling to Sw.Frs.2.2065, and Y246.87½ in terms of the yen, after touching Y245.50. The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty, widened to 2.44 per cent. from 1.91 per cent.

Gold rose $¾ to $161¾-162½ in quiet trading before the IMF gold auction.



CURRENCY RATES

	Special Drawing Rights	European Unit of Account
	November 1	October 31
Sterling	0.640503	0.637122
U.S. dollar	1.18493	1.16671
Canadian	1.30769	1.29197
Austria Sch.	—	18.7432
Belgian franc	—	41.0944*
Danish krone	7.17475	7.09645
Deutschemark	2.65116	2.63073
Dutch Guilder	2.85215	2.82787
French franc	—	—
Italian lira	—	1026.81
Japanese yen	293.863	291.057
Norway krone	6.44424	6.36875
Spain peseta	—	97.1866
Swedish krone	5.65330	5.57817
Swiss franc	2.62403	2.60619

* Rate is convertible franc. Financial franc 41.0651.

EXCHANGE CROSS-RATES

Nov. 1	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.2382-92	—	—	4.13-15	92.55-95	100.96-1.06
New York	44.70-72	—	20.84-85	2.2510 650	1.8380 8390	41.55 67	45.22 24
Paris*	215.50-55	4.845-865	—	13.755-767	8.608-628	199.6-10	215.96-46
Brussels*	15.56-61	35.27-32	7.27-29	—	62.65-77	14.51-56	15.72 77
London	4.12½-13½	1.8430-8440	8.85-86	64.60-70	—	4.44½-46½	4.06-09
Amst'dam	107.64 69	2.4057-82	80.145 96	6.8795 8845	1.4565-4615	—	108.75-80
Zurich	98.93-99.00	2.2142-52	46.09-15	—	4.0878-0918	91.87-98	—

U.S. $ in Toronto U.S. $ = 110.42-45 Canadian Cents.
Canadian $ in New York $ = 90.55-56 U.S. cents. * U.S. $ in Milan 879.20-60.
* Sterling in Milan 1618.50-1619.50. * Rates for Oct. 31.

EURO-CURRENCY INTEREST RATES*

Nov. 1	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss franc	W.German mark
Short term†	—	6-7	6⅝-6⅞	4⅛-4⅜	⅝-⅞	3½-3¾
7 days notice	—	6½-7½	6⅝-7⅛	4⅛-4⅜	⅝-⅞	3½-3¾
Month	4¾-4⅞	7¼-7⅝	6¾-7	4⅜-4⅝	1-1¼	3¾-3⅞
Three months	5¼-5¾	7½-7⅞	7⅜-7⅝	4⅝-4⅞	2-2⅛	3⅞-4
Six months	5¾-6¼	7⅝-8⅛	7½-7¾	5-5¼	2⅛-2⅜	3⅞-4
One year	6¾-7¼	7⅞-8½	7⅝-7⅞	5⅜-5⅝	2⅛-2⅜	4-4⅛

Euro-French deposit rates: two-day 8¾-9 per cent.; seven-day 8¾-9 per cent.; one-month 9¾-9¾ per cent.; three-month 10¼-10½ per cent.; six-month 10¾-11¼ per cent.; one-year 11¼-11¾ per cent.

Long-term Eurodollar deposits: two years 7¾-8 per cent.; three years 7¾-8¼ per cent.; four years 7¾-8¼ per cent.; five years 8-8¼ per cent.

The following nominal rates were quoted for London dollar certificates on deposit: one-month 6.85-6.95 per cent.; three-month 7.15-7.25 per cent.; six-month 7.45-7.55 per cent.; one-year 7.65-7.75 per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKET

	Nov. 1	Oct. 31
Gold Bullion (a fine ounce)		
Close	$161¾-162½	$161¼-162
Opening	$161½-162¼	$160½-161
Morning fix'g	$162.55 (£87.487)	$160.80 (£87.821)
Afternoon fix'g	$162.50 (£87.909)	$161.50 (£87.653)
Gold Coins, domestically		
Krugerrand	$166¼-168¼ (£90¼-91¼)	$166-168 (£90¼-91¼)
N'w Sov'r'gns	$48-50 (£26-27)	$47¾-49¾ (£26-27)
Old Sov'r'gns	$47¼-49¼ (£25¾-26¾)	$47¼-49¼ (£25¾-26¾)
Gold Coins (Interna'lly)		
Krugerrand	$166¼-168¼ (£90¼-91¼)	$166-168 (£90¼-91¼)
N'w Sov'r'gns	$48-50 (£26-27)	$47¾-49¾ (£26-27)
Old Sov'r'gns	$46¾-48¾ (£25½-26½)	$46½-48½ (£25½-26½)
$20 Eagles	$244-247	$244½-247½

FOREIGN EXCHANGES

Nov. 1	Bank Rates %	Market Rates: Day's Spread	Close
New York	6¾	1.8330-1.8630	1.8430-1.8440
Montreal	7½	2.0300-2.0590	2.0350-2.0360
Amsterdam	3½	4.44-4.50	4.44½-4.45½
Brussels‡	6	64.50-65.30	64.50-64.70
Copenhagen	8	11.18-11.29	11.18½-11.19½
Frankfurt	3½	4.12-4.18	4.12½-4.13½
Lisbon	8	74.60-75.70	74.70-74.90
Madrid	8	153.00-155.00	153.15-153.60
Milan	11	1,616-1,635	1,618½-1,619½
Oslo	6	10.01-10.11	10.02-10.03
Paris	9½	8.84½-8.96	8.85-8.86
Stockholm	6	8.77½-8.86½	8.78-8.79
Tokyo	4¼	450-465	454½-456½
Vienna	6½	29.30-29.80	29.35-29.45
Zurich	1½	4.07½-4.14½	4.08-4.09

‡ Rates given are for convertible francs. Financial franc 64.45-64.65.

OTHER MARKETS

			Notes Rate
Argentina	946.96-944.16	Argentina	875-975
Australia	1.6157-1.6321	Austria	26-29
Brazil	27.89-28.09	Belgium	61¼-63¼
Finland	7.61-7.63	Brazil	30-34
Greece	65.652-67.286	Canada	1.95¾-1.97¾
Hong K'ng	8.67¾-8.71	Denmark	10.80-10.90
Iran	126-132	France	8.55-8.70
Kuwait	0.522-0.532	Germany	3.95-4.05
Luxemb'g	64.60-64.70	Greece	62½-65½
Malaysia	4.4040-4.4043	Italy	1535-1575
N. Zealand	1.8325-1.8507	Japan	440-460
Saudi Arab.	6.48-6.58	Netherl'nds	4.25-4.35
Singapore	4.40-4.42	Norway	9.60-9.90
S. Africa	1.6005-1.6259	Portugal	68-78

[illegible]

Rate given for Argentina free rate.

FORWARD RATES

[illegible]

Six-month forward dollar 1.26-1.36c dis. 12-month 1.40-1.30c dis.

India halts foreign exchange dealings

By K. K. Sharma

NEW DELHI, Nov. 1.

THE RESERVE Bank of India to-day suspended dealings in foreign exchange following sharp fluctuations in the value of the major convertible currencies. The value of the rupee is expressed in sterling although it is worked out on the basis of calculations related to a basket of currencies of India's major trade partners.

Official sources say that the Reserve Bank will announce a rate for the rupee daily from to-morrow until exchange rates stabilise and a decision on the final exchange rate will be taken in the light of the impact of changes in the value of other currencies.

Since the rupee has been revalued automatically along with sterling, there is growing pressure on the bank to devalue the rupee so that exports are protected.

● The position of Mrs. Indira Gandhi, former Prime Minister of India, has weakened further following the poor response she received from the southern state of Tamilnadu over the week-end. Police had to fire on anti - Gandhi demonstrators. This has led to growing pressures within the opposition Congress Party for disciplinary action against her.

Some senior Congress members have written to the party president, Mr. Brahmananda Reddy, asking him to seek an explanation from Mrs. Gandhi for her move to split the ruling Janata Party. This attempt was recently disclosed by the Prime Minister, Mr. Morarji Desai, who said Mrs. Gandhi had met him to say she would not stand in the way of a merger of the Congress and the Old Congress (which has now been dissolved and become part of the Janata Party).

This is seen as a bid by Mrs. Gandhi to break up the Janata by ending the merger of the five parties which are its constituent units.

The secret of Kenya's flourishing Press

BY JOHN WORRALL, NAIROBI CORRESPONDENT

VISITORS TO Kenya are impressed by the fact that commercial newspapers and magazines appear to thrive in a country where there is evidently no dearth of readers. The Press and the commercial state radio and television keeps ten advertising agencies busy with a total annual expenditure of nearly £3m.

There is nothing like it anywhere else in black Africa, where the majority of newspapers are owned either by the state or the party in power. Political and Governmental pressures there may be at times on the Kenya Press, but on the whole, with the use of editorial caution, newspapers survive under the constitutional commitment to Press freedom.

Two colonial survivors

Kenya supports two independent, private enterprise English-language newspapers, the 75-year-old Standard and the 23-year-old Daily Nation, both lively survivors of colonial times. One Sunday newspaper, the Sunday Nation, comes from the Nation stable. There are one Swahili daily, Taifa Leo, two Swahili weeklies, and a serious English-language weekly journal, Weekly Review, which has an Economist style format. Combined circulations, minute in European terms, are some 350,000.

More variety has been added to the scene with the appearance of a second Sunday newspaper, the Nairobi Times, which has a broadsheet format based on a mix of the Observer, the Sunday Times and the Sunday Telegraph, and includes a weekly review, a colour supplement and a business times.

The format suggests the publishers are banking on the existence of a public which needs a serious newspaper, treating news in depth and at some length. This belief has been based on the success of the excellent and often controversial Weekly Review.

It seems that Kenya's educated reading public has developed a sophisticated taste in the past few years. The new paper is being heavily supported by the national and international advertisers.

Advance publicity for the new paper contains the message that the Nairobi Times is wholly Kenyan owned and staffed. It is backed by an indigenous Nairobi bank, the National Bank of Kenya. Mr. Hilary Ng'Weno, the editor and owner, is a distinguished 37-year-old Kenyan journalist, who also owns and edits the Weekly Review.

Both the Nation group and the Standard group are foreign owned, the former by the Aga Khan and his associates, the latter by Lonrho East Africa.

The Nairobi Times costs two Kenya shillings (10p) so it is unlikely to have a mass circulation. Mr. Ng'Weno predicts that it will start at about 30,000, easing down to about 20,000, mostly in the Nairobi and Mombasa areas. Its readership is likely to be bolstered greatly by the large expatriate population.

Specialised magazines

In addition to the mainline dailies and weeklies Kenya supports a considerable number of magazines of various kinds, including a growing number of specialised and trade magazines. The Kenya edition of Drum magazine, which has its roots in South Africa, together with its sister mid-monthly magazine, Trust, have a combined circulation of 75,000. A serious-minded woman's magazine, Viva, is attracting more and more readers.

A charming children's magazine Rainbow, recently made its appearance (also from the Ng'Weno stable) and is doing well. A popular comic magazine Joe has been well established for several years while specialised magazines such as Farmer's Voice, the Fan Weekly, Export News, B (for architects and construct and the old-established T and Industry (which now h Kenya Builder supplem adds to the plethora of Ke reading matter.

There is even a new mag called Management, for the and-coming young Ke managerial class, while S caters for the flourishing to trade.

All newspaper staffs almost exclusively African; a few expatriate faces here there in the more highly nical posts. All newspapers African editors except whose acting editor is a citizen.

Prosperous community

The Press business in K is highly competitive and newspapers have gone b rupt in past years. One wa controversial Sunday which fell into serious fin difficulties. Recently ther a gallant, if misguided att to launch an evening pap Nairobi, the Evening which had too little capita no commuters to make it

The secret of the flouri Press scene lies in Kenya's cultural prosperity in r years, its thriving manuf ing industry (bravely abso the shock from the smashed African Common Market) large community of expat and the prosperous Asian munity. All of this pro an elitist newspaper re class and supports the a tisers selling to it.

The newspapers are able to absorb one side eff the East African Comm breakup—the loss of sal Tanzania and Uganda. Nation group alone lost in daily sales in Tanzania President Julius Nyerere the border.

هكذا من الأصل

هكذا من الأصل

FARMING AND RAW MATERIALS

Norway bans Danish fishermen

COPENHAGEN, Nov. 1.

DANISH fishing off ... Norway will be halted ... midnight to-night, the ... Ministry announced ... chief ... said that the ban would ... that about 700 Danish ... would have to abandon ... traditional fishing grounds ... by for the rest of the year ... Norwegians had called the ... November 7 for 30 of ... vessels ... in reaction to Denmark's ... seek catch permits ... in Norwegian waters ... of the 62nd parallel ... Danish Government had ... requested the permits ... disagreements with ... fishing organisations over ... should ... fish off Norway.

Bacon curers warn of sackings and closures

BY CHRISTOPHER PARKES

BRITISH BACON manufacturers will have to start closing down their factories and sacking staff within the next six months if the Minister of Agriculture does not act soon to change the way EEC subsidies are calculated on Danish and Dutch exports to the U.K., Mr. Bill Newton-Clare, chairman of the Bacon and Meat Manufacturers' Association claimed.

At the same time, curers would have to think seriously about renegotiating the contracts with farmers under which they buy most of their pigs.

Mr. Newton-Clare, was speaking after the association's annual lunch in London. During his formal speech he said that a survey of the bacon and meat manufacturing industry's profits last year showed that pre-tax profits were only 2.2 per cent. Allowing for inflation the figure became a loss of 0.73 per cent.

In 1975 and 1976 when the industry should have been investing £16m. a year to sustain annual growth of 3½ per cent. it was spending only £6m.

He pointed out that the industry achieved this feeble performance when pigs were plentiful and relatively cheap.

The business now faced a second stage of decline. "Pig supplies next year are forecast to be little more than 12m., compared with an estimated 14m. for this year," he said.

"A few weeks ago—fortunately for our pig producers, but disastrously for us—the catastrophic decline in our pig herd really began to bite. Pig prices start rising steadily as manufacturing profits recede and losses increase," he added.

Mr. Newton-Clare saw no hope of improvement in the coming 12 months. Manufacturers were unable to increase the prices of their ham, bacon and canned meats while the Danes and Dutch were able to sell cheaply in Britain with the aid of their EEC subsidies.

Mr. John Silkin, Minister of Agriculture, was guest of honour at the lunch, but was unwilling or unable to offer Mr. Newton-Clare the immediate help for which he was asking.

The Minister commented only that he would *continue to press* "energetically" for changes in the way monetary compensatory amount subsidies were calculated for Danish and Dutch pigmeat sold in the U.K.

The Commission in Brussels is already studying Mr. Silkin's charges that MCAs distort trade.

Mr. Silkin said that the strengthening of sterling would act "rather like a green pound devaluation" and reduce the MCAs paid to food exporters selling to Britain.

If the upward trend of sterling were maintained, it would help to hold down processors' costs he said.

Quite how it would have this effect Mr. Silkin did not explain.

There is little chance that a stronger pound will in any way result in smaller net subsidies on British bacon imports. One observer at the lunch noted that the only foreseeable benefit for pig producers and processors would be a reduction in the cost of imported inputs.

This seemed unlikely to have any solid impact for at least a year, however. By then it might *be too late*.

Coffee cartel alleged

By Our Commodities Staff

COFFEE PRODUCING nations have operated a "de facto cartel" in order to artificially rig prices," according to Mr. Fred Richmond, a U.S. Congressman.

Mr. Richmond said a report by the U.S. General Accounting Office showed that Brazil had attempted to buy coffee from other exporters last year apparently in excess of its domestic needs, while other exporting countries—notably El Salvador—had kept pressure on prices through their ability to purchase coffee intended for export.

The report claimed that the 1976 International Coffee Agreement had no downward effect on coffee prices. Mr. Richmond said this confirmed that in supporting the agreement the U.S. State Department had sacrificed American consumers in favour of "a public posture" of stabilising the export income of developing countries.

On the London terminal market, meanwhile, the recent upward trend in coffee prices was halted. The January position fell £63 to £1,737.5 a tonne. It had earlier risen to £1,830 a tonne, the highest level for several weeks.

Dealers said the downward reaction came after lunch, when New York opened lower than expected. There appeared to be no fresh news behind the sell-off.

CITRUS SUPPLIES

Surplus fears worry Spanish growers

BY A CORRESPONDENT

AS ESTIMATES for the 1977-78 Mediterranean citrus exporting season harden, the prospects for Spain, largest of the suppliers, looks increasingly gloomy.

Total export offerings from ten countries are put by Spanish observers at close to 3.5m. tons, or more than 5 per cent above last year's, and probably an all-time record. They are certainly enough to have prompted the comment in Spanish circles that never has such a colossal quantity of fruit hung over the market.

While Spain, with some 1.45m. tons, or 42 per cent. of the expected total, will be shipping 20,000 tons less than last year, all but two of the other suppliers will offer European markets more than in 1976-77. The exceptions are Egypt and Cyprus, whose 200,000 and 70,000 tons are the same as last season.

It is bad enough for Spain that she is the only one of the ten countries to be performing the honourable service of withholding fruit from an over-supplied market.

Still worse, the major loss of production was not in the early tangerine varieties, which are more plentiful this year than last. Rather due largely to recent hailstorms, it was among oranges proper that make up more than 60 per cent. of the country's citrus exports and which are the main income earners.

Blows are falling on Spain's citrus industry this season from both without and within. Almost simultaneously with publication of the latest Mediterranean export figures came the announcement that striking orange pickers have been granted a 27 per cent wage rise.

Unemployment

The higher wages are a far cry from the miserable rewards available to Spanish farm workers only a few years ago, which precipitated a flight from the land. This exodus has drained agriculture of so much manpower that those remaining have to be listened to.

But the ministry has been transferred to producers, who are so far from covering their costs this season that subsidies of more than 14m. or 10 per cent. more than last year, have already been allocated to help bridge the gap. And more aid is sure to be needed before the season is over.

Spain's director-general of Employment issued a statement the other day affirming that while its own unemployment ... rising, Spain was continuing to import the complaint from outside by allowing 150,000 foreigners to work here. Spain was renewing or granting work permits at about the same rate as before the recession, he said.

But there was little, he said, to be done about this foreign in... barely any of which is serving to ease labour problems for the citrus industry, without impairing Spain's prospects for entering the EEC at an early date.

Spain is now in the no-man's-land of suffering all the disadvantages of being outside the EEC and bending over backwards to get in — without enjoying its benefits, despite minor concessions.

Just as Mediterranean citrus exports may this season be a record, so too might the level of the Spanish industry's losses. To carry these and other burdens, as well as to counter 30 per cent. inflation, old taxes are *being enforced and new ones introduced*.

In the long run however, the citrus industry hopes to fight its own battles by gaining membership of the EEC when volume, at least as applied in Spanish exports, will be a much cleaner world.

EEC continues Jamaica talks with Brazil

BRUSSELS, Nov. 1.

... TALKS BETWEEN the EEC and ... on the amount of tax ... by Brazil on exports of ... bean meal are continuing ... a decision should be reached ... the end of this week, EEC ... said.

Brazil has offered to raise the ... minimum 5 per cent ex... tax on soyabean meal in ... to 11.1 per cent. by ... ember 1978. European seed ... are demanding ... immediate increase to 11 per cent ... however.

Brazil charges a 13 per cent ... tax on soyabeans ... The ... difference between the two ... makes it uneconomical to ... Brazilian beans in Europe ... EEC Commission opened ... anti-dumping investigation in ...

Loan rate fixed for U.S. cotton

WASHINGTON, Nov. 1.

THE U.S. Agriculture Department ... it said that the loan rate for ... crop upland cotton has been ... at 44 cents per pound on ... of ... low middling ... average location in the U.S. ... The loan level reflects 90 per ... of the adjusted average ... quotation for northern ... the department said.

'Green £ virtues outweigh vices'

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

IN A FIRM defence of the U.K. Government's refusal to devalue the "green pound" Mr. Brian Hayes, deputy secretary of the Ministry of Agriculture, claimed that in terms of the U.K. national interest the virtues of the monetary compensatory system which prevented an explosion of prices for the main temperate foods far outweighed its vices.

Speaking at a Meat and Livestock Commission conference at Stratford-upon-Avon yesterday, Mr. Hayes added that the right level for the green pound would be a matter for continuous review and judgment. But so long as the balance of national interest demanded it, individual markets, such as beef, would be bound to be affected.

He accepted that a common Community sheep meat regulation would have to come, as free trade within the EEC was an essential part of the Rome Treaty. He emphasised, however, that the transition to a common policy must not disrupt the high-cost French sheep industry nor importations of New Zealand lamb.

New Zealand's access for lamb to the British market was provided for under GATT and it would be impossible for the Commission to place further restrictions on New Zealand exports to Britain. A Community sheep meat regulation, though, would make it worthwhile for British farmers to export lamb to France on a regular, and not a spasmodic basis as at present.

Mr. Hayes recognised the problems caused for pig producers by the MCA system. As Danish *and Dutch production was increasing*, he thought there would be continuing pressure on the British market.

Overall, he thought, EEC pig prices were too high. They reflected cereal prices which themselves were too high. The biggest single fault of the Common Agricultural Policy was to fix grain prices at a high level, as they determined so many other food prices.

India to cut grain stocks

BY K. K. SHARMA

NEW DELHI, Oct. 31.

THE INDIAN Government has drawn up plans to run down the growing foodgrain stocks by releasing greater quantities through the public distribution system and allowing limited quantities to be exported.

Stocks at present stand at about 22m. tonnes and it is hoped to reduce these to a more manageable 15m. tonnes by next June.

Apart from larger releases through "fair-price shops" that comprise the nationwide public distribution system, the Government has launched a "grain-for-work" programme which workers in irrigation and other projects will receive part of their wages in grain at subsidised rates. If successful, this scheme will be extended.

Exports for the present are to be limited to Russia and Vietnam. Arrangements to ship about 1.7m. tonnes of wheat to Russia by next March have been made.

This is in part repayment of the 2m. tonnes wheat loan given by Russia in 1973 when India was in the grip of famine.

Vietnam is to get 100,000 tonnes of Indian wheat in the first instance, but further shipments are possible if the Vietnamese ask for them under the economic co-operation programme with that country.

Metal prices steadier

By Our Commodities Editor

METAL PRICES steadied on the London Metal Exchange yesterday after the halt in the upward surge of sterling.

Copper in particular followed the fluctuations of sterling closely and prices ended the day virtually unchanged.

In tin the shortage of nearby supplies brought a rise in cash prices, off-setting some of Monday's heavy losses. The three months quotation eased again, however, reflecting the lower trend in the Penang market overnight.

Lead prices remained steady, encouraged by the move by other North American producers to follow the example of St. Joe Minerals in raising the U.S. domestic price by 1 cent to 32 cents a pound.

In zinc, Preussag announced that it was cutting its European zinc producer quotation from $700 to $600 a tonne, in line with a similar reduction announced by Metallgesellschaft last month.

Dairy farmers reluctant to quit

BY CHRISTOPHER PARKES

THE MINISTRY of Agriculture has received only 550 applications from dairy farmers who want to quit milk production in return for cash grants from the EEC.

This, coupled with a lack of interest in other Community countries, must be disappointing for the Brussels Commission staff who master-minded the project.

They hoped that up to 10,000 EEC farmers might be tempted. But a generous estimate of applications so far from all nine countries shows that fewer than 15,000 producers have elected to switch out of dairying.

According to Milk Marketing Board estimates, about 9,000 small-time British dairy farmers are classed among those who would benefit most from the schemes agreed at the annual Common Market farm price fixing last spring.

The Ministry says, however, that a fresh flush of applications should come early in the new year. Farmers are expecting an increase in the price of milk in January. Since the size of the EEC payments is related directly to the price of milk at the time of the application, it could pay them to hold off.

Last date for applications is March 31 1978.

One senior Ministry official said he could see no reason to expect more than 18,000 to 20,000 British cows to be affected. This implies that only about 2,000 farmers at the most are expected to take up the Commission's offer.

Tempting as the Commission's grants are, milk production is even more attractive than last year, when EEC plans to cut down dairy surpluses finally started to take shape.

There is an abundance of relatively cheap animal feed grains available in Europe generally.

Hay barns and silage clamps are well filled with good quality winter feed. Beef production hardly offers a profitable future for newcomers at present.

Since the declared intention of Mr. John Silkin, Minister of Agriculture, is to keep grain prices down next year, it would be a brave man who would willingly give up his monthly milk cheque for the uncertainties of growing cereals next season.

There may be a last-minute rush to get out of dairying next March however. This could occur if the Ministers of Agriculture, for once, keep to their schedules and complete the new year's price fixing before the start of April.

All the signs indicate that they are prepared once more to keep the price rise to a minimum. But there will be many farmers, unable to decide on a change this year, whose final move could depend wholly on the odd percentage point price increase at next year's review.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Barely changed in active trading on the London Metal Exchange ...

...nths..	649.5-50	—.25	652-.5		
Settlem't	638.5	—.5	—		
...	629-.5	+1.25	630.5-1	+1	
...nths..	640.5-1	+.5	642-.5	+.25	
Settlem't	629.5	+1	—		
Smt..	—		*60		

TIN				
3 months	6730-50	—40	6760-80	—20
Settlem't	7025	—25	—	
Standard				
Cash	6860-5	+7.5	6900-10	+32.5
3 months	6580-90	—35	6610-20	—25
Settlem't	6865	+5	—	
Straits E.	$1830	—10	—	
New York	—			

... Peas—Per lb Conference 0.14-0.16. Sprouts—Per lb 0.08-0.09. Parsnips—Per 28 lbs 0.50. Turnips—Per 28 lbs 0.80-1.00. Cob nuts—Per lb 0.26.

JAPAN TO REAP BIG RICE CROP

TOKYO, Nov. 1.

JAPAN'S rice harvest this year is estimated at 13.09m. tonnes by the Agriculture Ministry. This compares with only 11.7m. tonnes last year *and a record crop of* 14.45m. tonnes in 1967.

The Ministry said this year's estimated production would increase surplus stocks, estimated at between 3.2m. and 3.3m. tonnes this month, to about 4.2m. tonnes by next October.

Mr. Ichiro Hatoyama, the Foreign Minister, told a Press conference here Japan should consider using its surplus rice as food aid for Indonesia and other countries suffering shortages.

Reuter

Record U.S. farm exports

WASHINGTON, Nov. 1.

U.S. AGRICULTURAL exports in the fiscal year ended September 30 reached a record $24bn., up 6 per cent. and more than $1bn. above the previous fiscal year, Mr. Bob Bergland, the Agriculture Secretary said to-day.

PRICE CHANGES

Prices per tonne unless otherwise stated.

	Nov. 1 1977	+ or —	Month ago
Metals			
Aluminium	£680		£680
Free Market (cis)			$960.90
Copper cash W. Bars			£686.5
3 months do. do.			£700.25
Cash Cathode			£677.75
3 months do. do.			£691.25
Gold Troy oz.			$165.375
Lead Cash			£339
3 months			£343.5
Nickel			
Free Market (cif) lb			$1.85-2.1
Platinum troy oz.			£97-102.5
Free Market			£87.95
Quicksilver (76lb.)			$132-38
Silver troy oz.			265.2p
3 months			289.3p
Tin Cash			£6,850
3 months			£6,682.5
Wolfram 22.04 lb cif			$140-45
Zinc cash			£284.5
3 months			£251.25
Producers			$700
Oils			
Coconut (Phil)			$495
Groundnut			£537
Linseed Crude			£278
Palm Malayan			$445
Seeds			
Copra Philip.			$342.5
Soyabean (U.S.)			$220
Grains			
Barley EEC			
Home Futures	£70.75	—0.2	£71.5
Maize			
French No. 3 Am			£82.25
Wheat			
No. 1 Red Spring			£81.45
No. 2 Hard Winter			£90.5
English Milling			
Cocoa Shipment			£2,645
Future March			£2,255
Coffee Future			
January			£1,759
Cotton 'A' Index			59c
Jute UABC			$417
Rubber kilo			55p
Sisal EA			$555
Sugar (Raw)	£94	—1.0	£102
Wooltops 64s kilo	285p		282p

* Nominal. † Unquoted. a Seller's quotation. c Cents a pound. w Ex-tank London/Hull. u Jan. o Sept.-Oct. q Dec.-Jan. r Nov.-Jan. s Nov.-Dec. t Dec. v Jan. x Per ton.

FINANCIAL TIMES			
Nov. 1	Oct. 31	Month ago	Year ago
236.86	236.38	239.77	251.12

(Base: July 1, 1952=100)

REUTER'S			
Nov. 1	Oct. 31	Month ago	Year ago
1461.6	1463.8	1504.3	1553.6

(Base: September 18, 1931=100)

DOW JONES	Nov. 1	Oct. 31	Month ago	Year ago
Spot	373.68	372.65	371.65	350.86
Futures	317.08	323.4	333.76	352.81

(Average 1924-25-26=100)

MOODY'S	Nov. 1	Oct. 31	Month ago	Year ago
Sple Commdty	827.6	824.1	825.8	805.6

(December 31, 1931=100)

COTTON—Liverpool: Spot and shipment sales amounted to 128 tonnes. There was no business on Monday. Limited operations continued, with most support in African and Middle Eastern qualities. F. W. Tattersalls reported.

★

GRIMSBY FISH—Supply poor, demand good. (Prices at ship's side, unprocessed per stone): Shelf cod £4.50-£5.90, codlings £3.80-£4.60; large haddock £4.60-£5.10, medium £3.60-£4.40, small £2.20-£2.90; large plaice £4.00-£4.70, medium £4.00-£4.70, best small £2.80-£3.90; skinned dogfish, large £5.40, medium £4.50; lemon soles £6.50-£7.50; saithe £2.30-£3.20.

U.S. Markets

Grains and gold rise; silver down

NEW YORK, Nov. 1.

GOLD CLOSED higher as the U.S. dollar continued to weaken. Copper and silver eased on speculative selling, despite *stronger grains and gold*. Bache reported Grains closed strong on chartist buying coupled with rain in growing areas. Coffee finished lower on scattered profit-taking. Cocoa was firm on Commission House buying.

Cocoa—Ghana and Bahia spot unquoted. Dec. 161.70 (157.25), March 158.20 (155.25), May 143.90, July 156.20, Sept. 132.20, Dec. 127.70, March 124.20. Sales: 2,124 lots.

Coffee—"C" Contract: Dec. 180.00-180.50 (184.50), March 146.50-148.25 (149.81), May 144.00-145.00, July 139.25-140.00, Sept. 137.75, Dec. 131.50-132.50, March 128.00-132.00. Sales: 1,925 lots.

Copper—Nov. 54.30 (54.50), Dec. 54.70 (55.00), Jan. 55.20, March 56.10, May 57.10, July 58.10, Sept. 59.00, Dec. 60.30, Jan. 60.80, March 61.70, May 62.60, July 63.50, Sept. 64.40. Sales: 2,338 lots.

Cotton—No. 2: Dec. 50.64-50.65 (51.14), March 51.50-51.60 (52.04), *May 52.25, July* 53.15, Oct. 53.82, Dec. 54.05, March 55.25-55.30. Sales: 155,000 lots.

Gold—Nov. 162.70 (161.90), Dec. 163.60 (162.70), Jan. 163.70, Feb. 165.60, April 167.60, June 169.70, Aug. 171.80, Oct. 173.90, Dec. 176.00, Feb. 178.10, April 180.20, June 182.30, Aug. 184.80. Sales: 6,357 lots.

†Lard—Chicago loose 19.00 (18.87 nom.). New York prime steam 20.50 asked (20.37 nom.).

††Maize—Dec. 215-215½ (214), March 226½-227 (223), May 231½-232, July 233½-233¾, Sept. 233, Dec. 234½.

§Platinum—Jan. 177.00-177.40 (171.60), April 176.00-176.20 (174.40), July 179.10-179.30, Oct. 181.70-181.90, Jan. 186.00, April 187.40-187.60. Sales: 803 lots.

‡‡Silver—Nov. 486.20 (486.40), Dec. 488.90 (489.20), Jan. 491.70, March 497.70, May 503.70, July 509.60, Sept. 515.90, Dec. 525.00, Jan. 528.00, March 534.10, May 540.30, July 546.50, Sept. 552.70. Sales: 8,900 lots. Handy and Harman spot 485.00 (485.50).

Soyabeans—Nov. 565½-570 (550½), Jan. 576-577 (559), March 585-586, May 591-592½, July 395-398, Aug. 397½, Sept. 587½, Nov. 586.

STOCK EXCHANGE REPORT

Widespread heavy falls on fears of pay confrontation

Gilt losses to ⅝ and share index down 13.4 at 492.1

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct. 17	Oct. 27	Oct. 28	Nov. 8
Oct. 31	Nov. 10	Nov. 11	Nov. 22
Nov. 14	Nov. 24	Nov. 25	Dec. 6

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets turned distinctly weak at about 11.30 a.m. yesterday on reports of the miners' *rejection of the Coal Board's productivity deal. Persistent selling* ensued which left prices at, or near, the day's lowest. British Funds showed a turnround of nearly two points, earlier rises to 1¼ being transformed into net falls to ⅝; there was the occasional loss of a full point and the Government Securities index, at 77.55, lost 0.60 after the previous *day's jump of 0.53 which reflected* the loosening of control on sterling and some encouraging overnight developments on the wages front.

Leading equities also turned sharply lower and the FT 30-share index ended only a shade above the day's lowest at 492.1 for a fall of 13.4. There were early signs yesterday of a possible resumption of Monday's late rally from sharply lower levels, but doubts persisted about the effects an appreciating pound would have on corporate overseas earnings and prices fell away in a relatively thin trade. Down 7.1 at 11 a.m. ahead of the announcement from the miners, the index was showing a drop of 14 points at noon and one of nearly 16 points an hour *later.* A recovery movement in the later afternoon petered out on the appearance of some sizeable selling and the tone at the end of after-hours trade was still soft.

Falls in individual stocks ranged to 9 and occasionally more with ICI ending 13 down at the day's lowest of 385p and losses in FT-quoted equities out*numbered rises by 7-to-2.* Press comment on the positive aspects for clearing Banks of the decision to allow the pound to rise left this sub-section of the FT-Actuaries Indices as the exception to the rule with a minor gain: the All-share ended 1.9 per cent. off at 215.57, with Distilleries, Tobaccos, Insurances and Merchant Banks showing above average losses of between 3 and 3.7 per cent.

Official markings amounted to 6,236 against Monday's 5,563.

Turnround in Gilts

An early sharp improvement in British Funds proved short-lived when the result of the miners' ballot became known. Up to 1¼ higher initially on further consideration of the decision to let sterling float upwards and the favourable vote on British Leyland's industrial relations reform, *long-dated issues were lowered by* about a point following the *announcement* from the miners, but the precautionary mark-down failed to deter selling: this persisted throughout the rest of the trading session and final quotations recorded net falls to ⅝. A fair amount of stock also came on offer at the short-end of the market and, after a steady to firm start, prices fell away to close with losses extending to ½ and occasionally *more.* Corporations were rarely altered, but in recently-issued Fixed Interest stocks, **Industrial and Commercial Finance** *11¾ per cent., 1990, continued to* attract support and improved ¼ more to 33¼.

Small buyers in the investment currency *market from the opening* helped the premium to make steady headway to 95 per cent. when a particularly large buyer appeared and the rate went up sharply to touch 98 per cent. The premium finally settled at 97½ per cent. for a net gain of 4½. Yesterday's SE conversion factor was 0.7195 (0.7350).

Home Banks steady

A particularly dull sector on Monday in the wake of the Treasury's decision on sterling, Insurance Brokers eased again on continuing concern about the sector's future overseas earnings potential. **Willis Faber** fell 10 more to 260p and **Matthews Wrightson** gave up 6 to 192p.

Merchant Banks were similarly *affected and declined throughout:* **Hambros,** at 235p, **Kleinwort Benson,** at 112p, and **Guinness Peat,** 206p, were all around 8 *down. Apart from NatWest, 3 off* at 265p, the major clearing Banks held up well following comment about the marginal effect the currency move will have on them. **Lloyds,** 255p, and **Midland,** 345p, both ended a few pence higher. **Bank of Ireland** improved 5 to 320p, in response to the increased interim dividend.

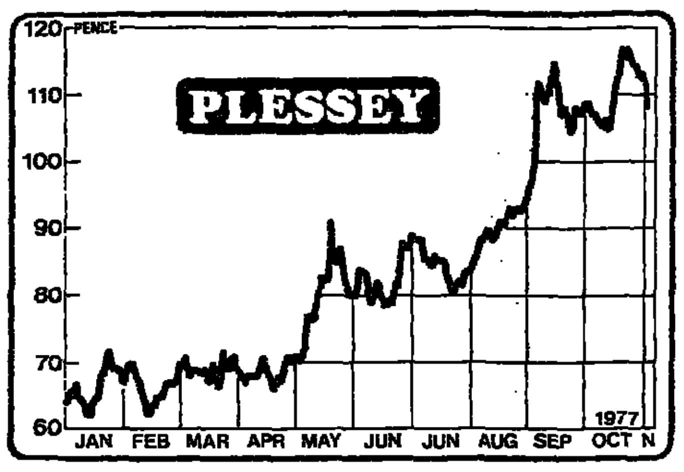
Breweries were not helped by the Brewers Society's admission that the economic recession was having an impact on Britain's public houses. **Bass Charrington** eased 4 to 150p, while **Allied,** 88p, and **A. Guinness,** 183p, shed 3 apiece. **Matthew Clark,** however, *rose 4 to 134p.* Reflecting the change in the role of sterling, **Distillers** gave up 7 more at 176p, while **Highland,** 96p, and **A. Bell,** 354p, *lost 6 and 8 respectively.*

AP Cement led the retreat in Buildings with a fall of 16 to 272p. **RPB Industries** ran back 11 to 234p and falls of 6 and 8 respectively were recorded in **Richard Costain** at 280p, and **Taylor Woodrow** at 458p. **Mallinson-Denny** shed 5 to 47p in response to the disappointing interim profits and **London Brick** closed 3 off at 73p. **Orme Developments** finished 1½ cheaper at 32½p, after 33p.

Some fairly persistent selling, particularly in the late dealings, left *ICI* 13 down at *the day's* lowest of 385p. Elsewhere in Chemicals, **Alginate Industries** fell 12 to 282p and **Fisons** and **Scottish Agricultural Industries** were both 10 *off* at 376p and 175p respectively.

Plessey easier

Despite a fairly encouraging statement and interim profits much in line with market expectations, **Plessey** eased with the general downturn and closed 4 off at 108p. **EMI** fell 9 to 213p, *while GEC closed 3 down at 262p,* after 265p. **Thorn** were on offer again at 410p, down 6, while **Decca A** gave up 10 *at 530p.* **BSR** finished 4 easier at 101p, after 99p, following Monday's rise of 14 on the dividend-boosting rights *issue. United Scientific gave back* 6 at 234p. **Racal** were steadier at 236p, up 3, while **Highland Electronic** gained 2 to a 1977 peak of 26p.



In Stores, **W. H. Smith A** gave up 15 to 780p, after 770p, in a thin market; *the interim figures are* due on November 10. **Mothercare** declined 8 to 194p while **Gussies A** shed 6 to 326p. **Marks and Spencer** closed *only* 2 off at 160p and **F. W. Woolworth** 1½ down at 66p, after 65½p; the latter's third-quarter statement is due on November 16. Elsewhere, **Lee Cooper** shed 5 to 130*p* but **H. Samuel A** were that amount dearer at 261p.

Losses in the Engineering leaders were relatively small. *John Brown* touched 212p but rallied well to finish a penny off at 217p, while **Tubes** ended 2 easier at 394p, after 388p. **Hawker,** after touching *180p, ended 6* lower at 184p. Elsewhere, fading bid hopes prompted a fall of 7 to 82p, after 80p, in **Mining Supplies,** while **APV,** at 200p, and **Adwest,** at 230p, declined 12 and 13 respectively. By way of contrast, **W. G. Allen** added 4 at 38p.

Foods contributed their share *of dull spots.* **Associated Dairies** fell 7 to 275p, while **Associated Biscuit,** 88p, and **Danish Bacon A,** 123p, both closed 6 cheaper. Losses of *3* were recorded by **Associated British Foods,** 73p, and **J. Sainsbury,** 244p, while **Tate and Lyle** gave up 4 at 196p for a two-day decline of 10. Against the trend, **Goldrei Foucard** hardened 3 to 49p and **Alpine Soft Drinks** 6 to 133p. Supermarkets were easier throughout the list. Awaiting Thursday's preliminary figures, **Kwik Save Discount,** at 264p *and* **William Low,** at 124p, receded 4 and 8 respectively.

Hotels and Caterers also *succumbed to the general malaise.* **Savoy A** came back 4 to 65p, while **Grand Metropolitan,** 99p, and **M. F. North,** 47p, shed 3 apiece. *Ladbroke declined 5 to 133p as* did **Trust Houses Forte,** at 188p.

Reed Int. disappoint

In addition to the adverse factors that have recently upset the miscellaneous Industrial leaders, *Reed International* disclosed a bearish interim statement which signalled caution about the second-half outturn and some doubt about the final dividend; the shares reacted 13 to a year's low of 161p. In sympathy, *Bowater also closed at 161p* for a loss of 6. **Beecham** lost 20 to 620p, after 615, while **Glaxo** closed 18 down at 612p, after 610; **Pilkington** came on offer at 510p, down 17, while falls of between 10 and 14 were seen in **Turner and Newall,** 225p, **Unilever,** 560p, and **Metal Box,** 328p. *BOC* shed 1½ to 72p awaiting to-day's ballot of workers on the company's pay *offer. Large exporters to show* fresh falls included **Gestetner A,** 14 down at 150p, **Wedgwood,** 11 off at 215p, and **Dunbee-Combex-Marx,** 6 lower at 166p. **Johnson Matthey** fell 12 more to 470p, while **Marshall's Universal** reacted 10 to 170p. Against the trend, **Leisure Caravans** put on 8 to 96p *in a thin market,* while **De La Rue** gained 8 at 648p ahead of Friday's interim results. **Horizon Midlands,** judged a beneficiary from a strong *pound, improved 3 to 57p.*

Motors and Distributors made a firm opening before succumbing to the general trend and closing with the occasional *substantial* fall. **Dunlop** featured with a reaction of 6 to 93p, while **Dowty,** 148p, **Turner Manufacturing,** 119p, and **Jonas Woodhead,** 35p, all closed 7 cheaper. **Lucas Industries** ended 3 down at 313p, after 312p. **Heron Motor** attracted renewed speculative support and finished 3½ better at a 1977 peak of 82p.

North Sea-oil favourite **Thomson** featured Newspapers with a fall of 21 to 653p, while **Associated** closed 5 lower at 160p. **Chapman** *Paper, Printings,* (*Balham*) *met support and rose 10 to* 85p; the interim results are due on December 6. **Inveresk** hardened 2 to 78p following Press comment.

Properties firm

In distinct contrast to the *market* in general, Properties made a firm showing although gains were moderate. **Land Securities,** 215p, and **MEPC,** 131p, both hardened 2. *Reported sales* of some West End sites helped **Beaumont,** a penny up at 80p, while the reduced loss for the year made for firmness in **Midhurst White** at 36p. After Monday's late spurt on bid hopes, **Peachey** added 2 more at 82p. Elsewhere, **Evans of Leeds** rose 4 to 154p, while **Daejan** *continued to* recover at 61p, up 2. **Berkeley** *Hambro, a good market of late,* met with some nervous selling in front of to-day's interim results and shed 4 at 115p.

There was some fairly heavy selling of Oils in the morning session, but conditions quietened in the afternoon with trade becoming more two-way. However, prices drifted lower again after-hours and the close was the worst *of the day.* **British Petroleum** fell 14 to 876p, while the partly-paid lost 10 to 335p. **Shell** declined 12 to 558p, but **Royal Dutch** continued to follow the higher dollar premium and put on a point to £42½. **Ultramar** gave up another 8 at 228p. **Ranger Oil** remained a firm market at £18½, up 2.

Overseas Traders had an easier bias. **Booker McConnell** falling 7 *to 226p and* **Harrisons and Crosfield** 13 to 337p.

Losses in Investment Trusts were generally limited to 2 or so, but **Camellia Investments,** a firm market of late, dropped 8 to 230p, while further consideration *of its shipping interests* caused **Caledonia Investments** to decline 10 further to 240p. Awaiting developments in the bid situation, **British Investment** eased 3 to 130p. For contrast, **Montagu Boston** hardened 2 to 33½p for a two-day gain of 4½. In Financials, **Kakuzi** were quoted ex scrip issue at 93p, down 3½.

Shippings made another drab showing. **P and O Deferred** eased to a 1977 low of 112p before closing 3 down on balance at 115p. **British and Commonwealth** fell 12 to 267p, while losses of 2 were seen in **Ocean Transport,** 127p, and **Furness Withy,** 323p. Against the trend, **Lyle** moved up 4 to 132p.

Among Textiles, **Courtaulds** eased 3 to 118p and **Dawson International** fell 6 to 105p.

A scrappy business in Tobaccos left **Imps** a penny off at 79½p and **BAT Industries Deferred** 8 cheaper at 212p.

South African Industrials took a turn for the better following the recent setback on concern about the latest political moves. **Anglo-American** rallied 20 to 500p, while **SA Breweries,** 60p, and **OK Bazaars A,** 400p, put on 5 and 10 respectively.

SA mines rally

The firmness of the bullion *price, which was finally 50 cents* better at $162.125 per ounce, coupled with a market view that the recent heavy falls in South African Golds and Financials had been overdone, was followed by a sharp rally in all South African issues. Rises were also accentuated by the improvement in the investment currency premium.

Golds were marked up at the outset of *trading and hardened* throughout the day owing to modest bear covering and cheap buying before easing back a shade in the late trade.

The Gold Mines index recovered 9.9 to 143.8, with heavyweights as much as £1¼ higher as in **West Driefontein,** £19.

Financials improved across the board. **"Amgold"** put on £1¼ at £14½, while **De Beers** were 16 better at 268p.

London-registered Financials, however, were affected by the further losses in U.K. equities, and the recent weakness of base metal prices on the London Metal Exchange. **Gold Fields** closed a penny easier on balance at 199p. **Charter** 2 down at 128p and **Selection Trust** 6 cheaper at 414p.

Initially firm in sympathy with Golds, Platinums turned easier following news that **Rustenburg** has cut production by between 10 and 20 per cent. Rustenburg closed a penny harder at 82p, after 87p, and **Bishopsgate** were unaltered on balance at 30p, after 33p.

The firmness of the investment premium prompted across the board rises in *Australians* but trading was subdued following the overnight closure of Melbourne markets for Cup Day. **Conzinc Riotinto**... **Pancontinental** put on another 50 to 750p on further consideration of the chairman's statement.

FINANCIAL TIMES STOCK INDICES

	Nov. 1	Oct. 31	Oct. 28	Oct. 27	Oct. 26	Oct. 25	[illegible]
Government Secs.	77.55	78.15	77.68	77.75	77.43	77.09	[illegible]
Fixed Interest	78.72	80.11	79.65	79.76	79.09	78.59	[illegible]
Industrial Ordinary	492.1	505.5	509.3	511.6	513.0	514.7	[illegible]
Gold Mines	143.8	133.7	140.8	132.2	144.5	158.4	[illegible]
Ord. Div. Yield	5.44	5.31	5.26	5.25	5.23	5.24	[illegible]
Earnings Y'ld% (full)	16.17	15.78	15.63	15.59	15.55	15.56	[illegible]
P/E Ratio (net) (*)	8.80	9.01	9.10	9.12	9.15	9.14	[illegible]
Dealings marked	6,236	5,563	5,502	5,501	5,330	5,060	[illegible]
Equity turnover £m.	—	94.91	110.91	97.78	69.87	66.39	[illegible]
Equity bargains total	—	15,710	18,435	16,994	14,267	14,798	[illegible]

[illegible]

HIGHS AND LOWS

	1977 High	1977 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	[illegible]	[illegible]	[illegible]	[illegible]
Fixed Int.	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Ord.	[illegible]	[illegible]	[illegible]	[illegible]
Gold Mines	[illegible]	[illegible]	[illegible]	[illegible]

S.E. ACTIVITY

[illegible]

NEW HIGHS AND LOWS FOR 1977

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977.

NEW HIGHS (35)

CORPORATION LOANS (1): LCC 6½pc 1985-90
BEERS (1): Clark (Matthew)
BUILDINGS (4): Henderson (J. W.), Modern Eng. [illegible]
DRAPERY AND STORES (2): Foster Bros., Vernon Fashion
ELECTRICALS (3): Samuel (H.) A, Electrocomponents, Highland Elect.
ENGINEERING (3): Allen (W. G.), Jones Group, [illegible]
FOODS (2): Alpine Soft Drinks, Goldrei Foucard
INDUSTRIALS (6): Black and Edgington, Horizon Midlands, Brook St. Bureau, [illegible], Dwek Group, St. Gobain, Fairbairn Lawson, [illegible]
MOTORS (1): Heron Motor
PROPERTY (3): Beaumont Props., Evans of Leeds, Peachey
SHIPBUILDERS (1): Swan Hunter
TEXTILES (2): [illegible]
TRUSTS (3): [illegible]
MINES (3): [illegible]

NEW LOWS (13)

[illegible]

OPTIONS TRADED

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Oct. 25	Nov. 7	Jan. 26	Feb. 7
Nov. 8	Nov. 21	Feb. 8	Feb. 21
Nov. 22	Dec. 5	Feb. 23	Mar. 7

For rate indications see end of Share Information Service.

Calls were dealt in Fraser Ansbacher, ICL, Grand Metropolitan, GKN, Berry Wiggins, Town and City, J. Brown, Hill Samuel, Berkeley Hambro, Legal and General, Lonrho, Westland, Fairbairn Lawson, Peachey Property, Dixon's Photographic, Reed International, Charterhall Finance, Lofs, BOC International, Consolidated Gold Fields, [illegible] Boston, CCH Investments, Burmah Oil, Calter Guard Bridge, Britannia Arrow, Intereuropean, Spillers, British Anzani, A. Howden, Burns Anderson, E. Matthews, Cableform, BP, Cluff Oil, English Property, Caravans International, New Throgmorton Capital, and Inveresk. A put was taken in British Anzani, while doubles were arranged in Berry Wiggins, UDT, Peachey Property, Metropolitan, Britannia Arrow, CCH Investments, Lofs, Consolidated Gold Fields, Spillers, Developments and Bath and Portland. Short-dated calls were arranged in Reed International, Consolidated Gold Fields and GKN, while a double was taken out in Consolidated Gold Fields.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Props.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

FINANCIAL TIMES

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RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977 high	1977 low
ICI	£1	14	385	−13	[illegible]	[illegible]
Shell Transport	25p	14	558	−12	635	454
Distillers	50p	12	176	−7	247	176
GUS A	25p	12	326	−6	[illegible]	[illegible]
GKN	£1	12	271	−4	350	267
Beecham	25p	11	620	−20	695	372
BATs Defd.	25p	10	212	−8	290	202
Glaxo	50p	10	612	−18	697	401
BP	£1	9	876	−14	966	776
Gen. Accident	25p	9	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met.	50p	9	99	−3	[illegible]	[illegible]
Hawker Siddeley	25p	9	184	−6	[illegible]	[illegible]
Marks & Spencer	25p	9	160	−2	[illegible]	[illegible]
Royal Insurance	25p	9	[illegible]	[illegible]	[illegible]	[illegible]
Unilever	25p	9	560	−14	596	410

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net)	Mon. Oct. 31 Index No.	Fri. Oct. 28 Index No.	Thurs. Oct. 27 Index No.	Wed. Oct. 26 Index No.
1 CAPITAL GOODS (174)	209.51	−2.1	16.51	5.43	8.65	214.08	216.87	219.20	220.78
2 Building Materials (28)	198.87	−2.9	15.45	5.41	9.24	204.80	208.72	211.09	211.68
3 Contracting, Construction (26)	343.95	−3.1	16.65	3.68	9.00	345.90	353.58	360.40	364.97
4 Electricals (15)	455.69	−2.1	13.75	3.68	10.57	465.25	469.05	472.06	474.28
5 Engineering (Heavy) (13)	287.92	−1.6	21.19	6.27	6.51	292.60	299.11	305.90	305.25
6 Engineering (General) (63)	160.30	−2.2	18.37	6.89	7.77	163.84	166.08	167.94	169.41
7 Machine and Other Tools (8)	106.52	−0.8	22.25	6.07	6.54	107.49	106.69	105.19	106.68
8 Miscellaneous (19)	159.06	−2.1	17.94	7.53	7.51	162.51	163.23	165.01	164.39
11 CONSUMER GOODS (DURABLE) (53)	203.49	−1.3	15.31	4.26	9.47	206.10	211.50	212.96	212.43
12 Lt. Electronics, Radio TV (15)	242.75	−1.0	13.77	3.17	10.47	245.08	254.52	251.99	250.16
13 Household Goods (12)	191.63	−1.5	15.92	6.00	8.64	194.62	197.42	199.87	197.55
14 Motors and Distributors (26)	124.77	−1.7	17.59	5.54	8.40	126.93	128.17	127.73	127.21
21 CONSUMER GOODS (NON-DURABLE) (171)	204.39	−2.1	14.55	5.51	10.09	208.73	213.38	212.85	212.76
22 Breweries (14)	220.05	−2.4	13.27	5.49	11.39	225.55	228.07	228.80	225.34
23 Wines and Spirits (6)	235.27	−3.6	14.20	5.37	10.85	244.18	251.44	254.86	256.69
24 Entertainment, Catering (16)	257.18	−2.7	14.25	6.54	10.71	264.26	266.11	269.20	269.31
25 Food Manufacturing (21)	204.65	−2.3	12.60	5.48	11.25	209.48	212.23	213.15	215.16
26 Food Retailing (16)	234.66	−1.5	11.29	3.71	13.00	238.29	241.36	244.41	242.73
32 Newspapers, Publishing (14)	331.97	−2.6	9.69	3.67	15.55	340.73	344.35	347.83	350.90
33 Packaging and Paper (14)	136.18	−1.6	19.16	6.65	7.68	138.40	140.59	140.88	140.45
34 Stores (37)	198.55	−1.4	9.46	3.94	16.79	201.46	203.85	203.84	202.27
35 Textiles (24)	175.44	−1.7	20.42	7.39	6.85	178.39	179.85	180.55	180.63
36 Tobaccos (3)	215.64	−3.0	22.01	8.34	6.07	222.30	225.67	229.53	[illegible]
37 Toys and Games (6)	113.57	−2.7	17.92	5.22	7.67	116.76	117.56	119.68	118.47
41 OTHER GROUPS (98)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (20)	266.93	−2.9	14.93	5.26	9.27	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (6)	125.72	−2.1	18.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping (10)	450.90	−2.1	21.79	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (54)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (486)	210.48	−2.2	15.36	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (4)	495.95	−1.8	14.03	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	234.10	−2.1	15.15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (100)	168.72	−1.2	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	−0.2	27.39	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (10)	219.70	−2.6	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Hire Purchase (5)	164.68	−1.5	9.26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (10)	146.61	−1.3	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	143.03	−1.5	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (10)	302.77	−1.7	13.91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (14)	86.84	−3.7	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (31)	232.25	−0.2	2.67	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Miscellaneous (7)	102.39	−1.5	21.18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (50)	199.42	−1.5	2.96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	94.03	−0.5	17.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (19)	280.87	−1.5	15.38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (673)	215.57	−1.9	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

British Government	Tues. Nov. 1	Day's change %	xd adj. To-day	xd adj. 1977 to date
1 Under 5 years	110.27	−0.38	—	[illegible]
2 5-15 years	126.86	−0.65	—	[illegible]
3 Over 15 years	135.88	−0.56	—	[illegible]
4 Irredeemables	143.57	−1.04	—	[illegible]
5 All stocks	122.49	−0.52	—	[illegible]

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

		Tues. Nov. 1	Mon. Oct. 31
1 Low Coupons	5 years	6.42	[illegible]
2	15 years	9.58	[illegible]
3	25 years	10.18	[illegible]
4 Medium Coupons	5 years	9.16	[illegible]
5	15 years	10.38	[illegible]
6	25 years	10.59	[illegible]
7 High Coupons	5 years	9.35	[illegible]
8	15 years	11.03	[illegible]
9	25 years	11.16	[illegible]
10 Irredeemables		11.11	[illegible]

	Tuesday Nov. 1 Index No.	Yield %	Monday Oct. 31	Friday Oct. 28	Thurs. Oct. 27	Wed. Oct. 26	Tuesday Oct. 25	Monday Oct. 24	Friday Oct. 21
15 20-yr. Red. Deb. & Loans (15)	62.51	11.89	62.42	62.31	62.41	62.43	62.39	62.43	62.39
16 Investment Trust Prefs. (15)	56.72	12.43	56.76	56.86	56.86	56.66	56.66	56.66	[illegible]
17 Coml. and Indl. Prefs. (20)	78.46	11.67	78.64	78.74	78.69	78.71	78.67	78.73	78.63

[illegible]

هكذا من الأصل

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

CLIVE INVESTMENTS LIMITED
Royal Exchange Ave., London EC3V 3LU. Tel. 01-283 1101
Index Guide as at 25th October, 1977 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	133.79
Clive Fixed Interest Income	125.90

CORAL INDEX: Close 489-494

INSURANCE BASE RATES

† Property Growth	7 %
Cannon Assurance	6 %

† Address shown under Insurance and Property Bond Table.

BASE LENDING RATES

A.N. Bank	6 %	■ Hill Samuel	§ 6 %
Allied Irish Banks Ltd.	6 %	C. Hoare & Co.	† 6 %
American Express Bk.	6 %	Julian S. Hodge	7 %
Amro Bank	6 %	Hongkong & Shanghai	6 %
A P Bank Ltd.	6 %	Industrial Bk. of Scot.	6 %
Henry Ansbacher	6½%	Keyser Ullmann	6 %
Banco de Bilbao	6 %	Knowsley & Co. Ltd.	7½%
Bank of Credit & Cmce.	6 %	Lloyds Bank	6 %
Bank of Cyprus	6 %	London & European	8½%
Bank of N.S.W.	6 %	London Mercantile	6 %
Banque Belge Ltd.	6 %	Midland Bank	6 %
Banque du Rhone	6½%	■ Samuel Montagu	6 %
Barclays Bank	6 %	■ Morgan Grenfell	5½%
Bennett Christie Ltd.	7 %	National Westminster	6 %
Bremar Holdings Ltd.	7 %	Norwich General Trust	6 %
Brit. Bank of Mid. East	6 %	P. S. Refson & Co.	6 %
Brown Shipley	6 %	Rossminster Accept'cs	6 %
Canada Permanent AFI	6 %	Royal Bk. Canada Trust	6½%
Capitol C & C Fin. Ltd.	9 %	Schlesinger Limited	6 %
Cayzer Ltd.	6½%	E. S. Schwab	7½%
Cedar Holdings	8 %	Security Trust Co. Ltd.	7½%
Charterhouse Japhet	6 %	Shenley Trust	8 %
C. E. Coates	7 %	Standard Chartered	6 %
Consolidated Credits	5 %	Trade Dev. Bank	6 %
Co-operative Bank	* 6 %	Trustee Savings Bank	6 %
Corinthian Securities	6 %	Twentieth Century Bk.	7½%
Credit Lyonnais	6 %	United Bank of Kuwait	6 %
Duncan Lawrie	6 %	Whiteaway Laidlaw	6½%
Eagil Trust	6 %	Williams & Glyn's	6 %
English Transcont.	7 %	Yorkshire Bank	6 %
First London Secs.	6 %		
First Nat. Fin. Corpn.	7 %		
First Nat. Secs. Ltd.	7 %		
Antony Gibbs	6 %		
Goode Durrant Trust	6 %		
Greyhound Guaranty	6 %		
Grindlays Bank	‡ 6 %		
Guinness Mahon	6 %		
Hambros Bank	6 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%. 1-month deposits 3¼%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3¼% and over £25,000 4¼%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 3¼%.
¶ Rate also applies to Sterling Ind. Secs.

Windsor Life Assur. Co. Ltd.
1 High Street, Windsor. Windsor 68144

Life Inv. Plans	70.2	73.9	...	—
FutureAssd.Gth(a)		22.0	...	—
FutureAssd.Gth(b)		55.0	...	—
Ret. Assd. Pens		£26.73	...	—
Flex Inv Growth	111.4	117.3	...	—

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1977 High	Low	Stock	£	+ or −	Yield Int.	Red.
99 13/16	94 7/16	Transport 4pc '72-77	99 13/16	+1/32	4.00	4.27
101	95⅝	Treasury 9pc 1978	101 1/16	−1/16	8.87	5.02
104	97¾	Treasury 10½pc '78	103	−1/16	10.13	5.00
100⅛	90	Exch. 5pc '76-78	100	.....	5.00	4.99
107	95	Treasury 11½pc '79	105	−1/16	10.89	7.12
97¼	84	Treasury 3pc '79	96¼	−¼	3.18	5.18
98¾	85⅛	Electric 4¼pc '74-79	97¼	−¼	4.37	5.80
106	92	Treasury 10½pc '79	105½xd	−½	9.95	7.48
97½	84⅞	Electric 3½pc '76-79	96xd	−⅛	3.65	5.34
107	87¼	Treasury 9pc 1980	104⅛	−⅜	8.64	7.05
105¾	88⅜	Treasury 9½pc '80	104½xd	−½	9.12	7.69
96	82⅞	Treasury 3½pc '77-80	94½	−½	3.70	5.79
98⅛	83	Funding 5¼pc '78-80	97½	−½	5.39	6.29
112	95	Exchequer 13pc 1980	111½xd	−⅜	11.70	8.79
108	92½	Treasury 11½pc 1981	107⅛	−⅞	10.74	8.86
94¼	77⅞	Treasury 3½pc 1979-81	92½	−⅛	3.78	6.04
104	86	Treasury 9¾pc 1981	102⅜	−⅝	9.52	8.82
103½	87½	Exch. 9½pc 1981	101⅜	−1/16	9.37	8.94
92⅛	92	Exch. 3pc 1981	92	.....	3.26	5.34
98¾	97⅜	Treas. Variable '81	98xd	.....	5.08	5.55
113	96¼	Exch. 12¾pc 1981	112xd	−¾	11.37	9.13
100⅛	82⅞	Treas. 8½pc '80-82	98	−⅜	8.62	9.19
93⅛	71	Treasury 3pc '82	89⅞	−¼	3.36	5.83
119	101⅝	Treasury 14pc '82	117¼	−⅝	11.94	9.13
98	97¼	Treas. Variable '82	97¾	.....	5.09	5.53
98⅝	97¼	Treas. 8¼pc '82	97¼	−1/16	8.48	8.98
102⅛	93⅝	Exch. 9¼pc 1982	100½	−½	9.20	9.10

Five to Fifteen Years

1977 High	Low	Stock	£	+ or −	Yield Int.	Red.
87⅝	84⅞	Exch. 3pc '83	85	−⅛	3.55	6.52
113	95½	Treasury 12pc 1983	112	−1	10.86	9.46
101⅛	96¾	Treasury 9½pc '83	99⅞	−1	9.53	9.46
95½	72⅝	Funding 5½pc '82-84	92⅛	−⅛	6.08	7.44
100¾	77⅜	Treasury 8½pc '84-86	98¾	−¼	8.85	9.16
87⅞	56¾	Funding 6½pc '85-87	85¼xd	−¼	7.63	8.84
94	68½	Treasury 7¾pc '85-88	90½	−¼	8.77	9.54
74	49⅛	Transport 3pc '78-88	68⅛	−⅞	4.47	7.55
76¾	53⅞	Treasury 5pc '86-89	72¾	−⅞	6.90	8.76
121¼	90	Treasury 13pc 1990	119⅜	−⅝	11.26	10.68
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

AMERICANS—Continued

S.E. List Premium 38¾% (based on $US1.8460 per £)

Conversion factor 0.7195 (0.7350)

CANADIANS

S.E. List Premium 38¾% (based on $2.0375 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

هكرامن الأحمل

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

9½	9	Burma Mines 17½p.	9	..	—	—	—
107	58	Colby Mines $C1	99	..	—	—	—
600	280	Cons. Murch. 10c	500	+10	‡Q140c	1.4	‡
475	275	Northgate C$1	290	−10	—	—	—
247	173	R.T.Z.	192xd	...	t8.5	q3.3	6.7
70	20½	Sabina Inds. C$1	25½	−3½	—	—	—
£14¼	875	Tara Explrn. $1	912	+12	—	—	—
55	39	Tehidy Minerals 10p	52	.	1.21	2.5	3.5
160	121	Yukon Cons. C$1	145	.....	Q7c	ϕ	2.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ϕ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ψ Excluding a final dividend declaration.
- ÷ Regional price.
- ∥ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1978. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations. xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	22	
Ash Spinning	37	..
Bertam	17	....
Bdg'wtr. Est. 50p	255	...
Clover Croft	23	..
Craig & Rose £1	360	......
Dyson (R.A.)	25	......
Ellis & McHdy	62	.....
Evans F'k. 10p	25	..
Evered	16	......
Fife Forge	43	
Finlay Pkg. 5p	17½	.....
Graig Ship. £1	270	−10
Higsons Brew	110	
I.O.M. Stm. £1	162	
Holt (Jos.) 25p	225	..
N'thn. Goldsmith	26	..
Pearce (C. H.)	111xd	.
Peel Mills	14	...
Sheffield Brick	47	
Sheff. Refrshmt.	40	...
Shiloh Spinn	19xd	...
Sindall (Wm.)	83	...

IRISH

Conv 9% 80/82	£99¼	−¼
Alliance Gas	70	..
Arnott	280	..
Carroll (P.J.)	66	−2
Clondalkin	56	.
Concrete Prods.	103	.....
Heiton (Hldgs.)	44	....
Ins. Corp	130	.
Irish Ropes	130	
Jacob	49½xd	.....
Sunbeam	22	......
T.M.G.	125	......
Unidare	65	......

OPTIONS
3-month Call Rates

Industrials

A. Brew	6½
A.P. Cement	18
B.S.R.	12
Babcock	10
Barclays Bank	25
Berry Wiggins	5
Beecham	26
Boots Drug	15
Bowaters	16
B.A.T.	6
British Oxygen	6
Brown (J.)	20
Burton 'A'	6
Cadburys	5
Courtaulds	10
Debenhams	6
Distillers	13
Dunlop	8½
Eagle Star	11
E.M.I.	12
Gen. Accident	17
Gen. Electric	16
Glaxo	40
Grand Met.	7
G.U.S. 'A'	18
Guardian	13
G.K.N.	25
Hawker Sidd.	160
House of Fraser	12
I.C.I.	23
"Imps"	7
I.C.L.	29
Inveresk	7
Ladbroke	11
Legal & Gen.	12
Lex Service	6
Lloyds Bank	22
"Lots"	5
London Brick	5
Lonrho	8
Lucas Inds.	25
Lyons (J.)	4
"Mams"	7
Mrks. & Spncr.	13
Midland Bank	25
Nat. West. Bank	22
Do. Warrants	5
P & O Dfd.	13
Plessey	7
R.H.M.	5
Rank Org. 'A'	16
Reed Intl.	18
Reyrolle	20
Spillers	4
Tesco	4
Thorn 'A'	22
Trust Houses	13
Tube Invest.	30
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6

Property

Brit. Land	5
Cap. Counties	3½
E.P.	5
Intreuropean	5
Land Secs.	18
MEPC	19
Peachey	6
Samuel Props.	10
Town & City	2

Oils

Brit. Petroleum	60
Burmah Oil	8
Shell	28
Ultramar	15

Mines

Charter Cons.	12
Charterhall Fin.	3½
Cons. Gold	12
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday November 2 1977

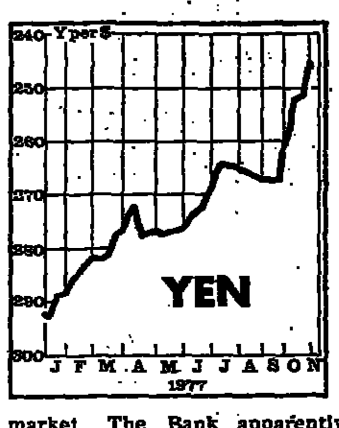
Yen expected to climb still higher after reaching post-war record

BY CHARLES SMITH

TOKYO, Nov. 1.

THE YEN shot up another 3.35 points on the Tokyo market to-day to close at a post-war record of Y247 to the dollar. The rate touched Y245.50 in London, before closing at Y246.87½.

The Tokyo rise occurred in the face of heavy intervention by the Bank of Japan and with some would-be sellers of dollars having failed to find buyers by the end of the day.



Observers of the market were predicting that unsatisfied demand for yen on the Tokyo market would be reflected by heavy buying in European markets, including London, leading to still further rises in the yen quotation.

Few people now seem willing to suggest a limit to the yen's appreciation, which has already gone far further than generally expected even a week or so ago.

The Bank of Japan was reported to have bought over $200m out of the total of $525m. which changed hands on to-day's market. The Bank apparently made successive attempts to hold the rate stable at the 249, 248.50, 248 and 247.50 levels before finally managing to keep it at 247 during the last part of the day's trading.

The yen has now moved up by 18.5 per cent. compared to the dollar from its level at the beginning of the year and by just under 25 per cent. from the Smithsonian parity of December, 1971.

The move into the 250-260 range, which occurred at the beginning of last month, probably did not take the Japanese authorities, or even major Japanese exporters, entirely by surprise. But it seems unlikely that anyone in Japan had been prepared to see the yen break the 250 barrier and move into the 240s as it did at the end of last week.

The strong market of the past few days runs directly counter to week-end statements by senior Japanese officials expressing confidence that the foreign market has "peaked."

Clear evidence of the Bank of Japan's heavy intervention in the foreign exchange market last month came to-day with the publication of the foreign exchange reserve figure for the end of October. This stood at $19.577bn. an increase of $1.7bn. from the end-September figure and the highest figure ever.

The previous peak level of Japan's reserves, attained in February 1973, was $19,067bn.

If Japan's reserves continue to rise very rapidly, it appears possible that the Government might seek to disguise their true level, for example by investing in U.S. Government bonds of more than one year's maturity, a form of asset which is not officially classed as exchange reserves.

The U.S. however, might not be willing to co-operate by making such assets available to Japan if the money to be invested was earned by Bank of Japan intervention in the foreign exchange market.

The yen appreciation is regarded as having a potentially dangerous deflationary effect in Japan, although its effect in helping to appease American resentment over the bilateral U.S.-Japan trade gap is also recognised.

The further the yen rises the more urgency Japan appears to be attaching to measures to step up imports and reduce the visible trade balance. It now appears likely that earlier proposals to tackle the trade surplus by cutting duties on sensitive products like computers and colour film will be supplemented by emergency stockpiling of uranium, possibly to the value of $1bn., non-ferrous metals and wheat.

An import promotion package is being worked on by various Ministries with the economic planning agency playing a co-ordinating role. Completion of the package has become the most urgent piece of business currently on the Government's agenda but is still expected to take two to three weeks.

Britain's harder line, Page 6; Car exports feature, Page 18

Oxygen strikers may vote for resumption of work

BY NICK GARNETT, LABOUR STAFF

THERE WERE some signs yesterday that a majority of the striking British Oxygen manual workers whose pay dispute has seriously disrupted manufacturing might be prepared to resume work.

Decisions from the first 15 mass meetings taking place among BOC's 46 depots directly affected by the strike resulted in only one group of workers voting to continue the stoppage, now in its fourth week.

Those meeting included workers at a few large depots, including Widnes and Wolverhampton, where manual workers had previously shown considerable resistance to resuming work.

The more than 300 workers at BOC's Glasgow depot, however, are understood to have voted to continue the strike.

The overall picture will become clear to-day, when many of the larger depots, where support for the strike has been strongest, vote on the national shop stewards' recommendation for a return to work.

Provided there is a vote from the 3,000 workers to return to their jobs, pay talks between the company and national union officials are expected to resume to-morrow.

Further mass meetings will then take place on Friday to discuss the latest upgraded pay proposals which appear to be outside the Government's 10 per cent. guideline although no firm details have been released.

The resumption of supplies of gases vital for manufacturing would come as a relief to thousands of companies whose output has been seriously affected by the strike.

The dispute has resulted in an estimated 30,000 lay-offs with shipbuilding, glass and textiles suffering the major brunt.

BOC's offer before the strike began involved pay rises at the limit allowed under the Government's wage guidelines, together with a self-financing productivity deal.

Power cuts hit London traffic

BY PAULINE CLARK, LABOUR STAFF

RANDOM POWER cuts hit more than 19m. British homes and caused traffic havoc in London and other areas last night as the work-to-rule by power workers entered its seventh day.

The impact of the power workers' action—already "very serious," according to the Electricity Council—increased with signs of intensified support for the unofficial overtime ban and a growing backlog of maintenance work in power stations.

Trains were also delayed when signals failed and there were reports of people trapped in lifts.

The Electricity Council warned last night that blackouts probably for longer periods will occur throughout to-day, with particularly severe cuts expected in the evening.

"The cuts will occur throughout the day and are likely to be severe from about 4.30 to about 10 pm," an official said.

Union leaders dampened hopes that a meeting to-morrow on demands for improved fringe benefits would necessarily bring an early halt to the industrial action.

It is hoped that any agreement on travel benefits for the power workers can be justified to the Department of Employment.

But the strike committee's claims for better shift allowances are thought likely to breach the Government's pay guidelines if introduced before the electricity workers' pay settlement becomes due in March.

News Analysis Page 12

Ministers present options for rescue of British Steel

BY ROY HODSON

SENIOR MINISTERS presented a range of options for rescuing British Steel last night in talks with Mr. Bill Sirs, chairman of the TUC steel industry committee and general secretary of the Iron and Steel Trades Confederation.

The proposals include cutting the 208,000 workforce, with possibly thousands of jobs being lost; bringing forward the closure of old steel plants, which the Government has up to now insisted should remain open to provide work in areas of high unemployment; and abandoning steel industry investment plans.

As an indication of how seriously the Government is viewing the corporation's difficulties and their likely impact on industrial employment, Mr. Michael Foot, leader of the Commons, was present when Mr. Eric Varley, the Industry Secretary, and Mr. Gerald Kaufman, the junior Industry Minister with special responsibilities for steel, explained the options.

Mr. Foot, who is MP for Ebbw Vale, one of the threatened steel industry constituencies, might have to find time in the coming Parliamentary session for debate or even for legislation on the nationalised steel industry.

Mr. Varley is still anxious to avoid such drastic measures as closures and job losses, which would hurt the Government in the approach to a general election.

But in Whitehall and in the Treasury in particular, it is increasingly felt that British Steel cannot be allowed to go on losing money at a rate which is expected to result in losses of up to £350m. in this financial year, with further losses almost certain in 1978-79.

British Steel and the Department of Industry have worked separately on the preparation of schemes to reshape the corporation into a profitable business. Mr. Sirs was shown the corporation's options, which are being given prior consideration.

These are understood to press the need for closures of a number of older works with a plea for the co-operation of the trades unions nationally to encourage voluntary redundancy among steelworkers in return for lump sum payments of several thousand pounds each.

Mr. Varley has not yet put up for discussion with the unions and the corporation a series of proposals from his own department. Those go as far as recommending capital reconstruction of British Steel, the abandonment of new steelworks investment plans and a smaller role for the corporation in the future.

British Steel, the third biggest steelmaker in the Western world, is losing £7m.-£10m. a week. It had a record loss of about £200m. in the last half year. The corporation's output is almost 6 per cent. below the levels of last year, which was reckoned a bad year in the steel business.

Editorial Comment, Page 18

Close fight for Scanlon's post

BY ALAN PIKE, LABOUR CORRESPONDENT

THE TWO finalists in the election to succeed Mr. Hugh Scanlon as president of the Amalgamated Union of Engineering Workers are neck-and-neck as they enter the closing stages of the contest.

In the first round of the ballot, declared yesterday, Mr. Terry Duffy, the Right-wing candidate, polled 83,959 against 85,603 for the Left-wing contender, Mr. Bob Wright.

The two men will face each other in a second and decisive round in March. The other eight first-round candidates were eliminated.

There will be a keen personal edge to the contest. Mr. Wright lost the Midlands and Manchester seat on the AUEW executive to Mr. Duffy in 1975, but pulled back to become assistant general secretary.

Mr. Roy Fraser, leader of the Leyland Cars unofficial toolroom committee, headed the list of eliminated candidates with 19,071 votes.

Mr. Wright's supporters are cautiously optimistic that there will be some advantage to them when the votes of the eliminated candidates are recast. They believe that, with his long experience in the motor industry, Mr. Wright will pick up many of the votes cast for Mr. Fraser and that he will also benefit from more than 22,000 votes received by two far-Left candidates.

Mr Duffy described the vote as personally gratifying in view of some of the unpopular decisions he had been forced to make. He believed it was gratifying for moderate opinion.

In other elections declared yesterday, Mr. Les Dixon, the only Communist Party member on the AUEW executive, was beaten to second place by Mr. Edmund Scrivens, Loughborough district secretary, in the first round of a fight to retain his seat. Voting was 16,694 to 15,444 and the contest will go to a second ballot in March.

Air traffic strike ends

BY MICHAEL DONNE AND NICK GARNETT

AIR TRAFFIC control assistants yesterday voted to end their nine-week strike and accept a pay offer which could eventually result in rises of more than 14 per cent. together with a £315 lump sum payment.

The assistants will resume work to-morrow and British Airways expects to be in a position to operate a normal winter flight schedule from Saturday.

Most other airlines, which do not operate as many services to and from the U.K., are likely to be back to normal sooner.

The dispute, together with the phased temporary withdrawal of the Trident fleet because of wing cracks, is estimated to have cost British Airways £30m., in lost revenue.

The airline carried about 10 per cent. fewer passengers over the period than normal and most days has cancelled about a quarter of its flights, largely on the domestic service.

With other problems and industrial disputes, British Airways' total loss of revenue for the current financial year is probably running at well over £60m.

The assistants, members of the Civil and Public Services Association, voted 353 to 214 to return to work and 511 to 56 to accept one of the pay options offered by the Civil Aviation Authority.

The deal involves keeping a jobjob regrading settlement arranged in 1975 but so far blocked by pay policy. The 850 assistants will receive a £315 lump sum now plus a guaranteed increase of 4 per cent. from April on top of general pay rises.

If the total Authority pay deal in April falls below 10 per cent. they could receive up to a further 4 per cent.

Continued from Page 1

CBI worried

This reflects divisions of opinion among Government Ministers. Some Ministers involved with industrial policy feel that on balance there may be something in the CBI's complaints but they also believe that more attention should be paid to the potential for boosting morale among businessmen.

Nevertheless, the CBI's quarterly survey shows considerable worries about price competitiveness abroad and this was emphasised by Mr Pennock who said a rising pound would "mean tougher problems in overseas markets."

At the same time, the CBI cannot be too outspoken about high productivity deals because it would mean criticising actions taken by its members for their own individual commercial interest.

With such an interest in mind, many companies are not sending full details of their productivity deal arrangements to the CBI's data bank.

What is emerging however, is that productivity deals are being used for one of three reasons: to supplement Stage Two pay deals: to boost Stage Three 10 per cent. deals: or to break the 12-month rule with substantial mid-term rises.

Both Mr. Pennock and Mr. John Methven, CBI director-general, stressed yesterday that they did not have sufficient information from companies to know whether such rises are "self-financing" in the way that the Government and the CBI have recommended.

But even if they are self-financing, the CBI leaders are still worried that companies will be using up all their productivity gains in wage rises and so will have no margin left to help keep price rises down.

At the same time, overall concern about pay developments in the wake of the miners' ballot and the British Oxygen strike peace talks may lead to industrialists trimming their future plans for investment. Although the CBI's survey shows strong investment intentions, Mr. Pennock commented: "Investment will also be less if the economy goes wrong."

Industrialists on his CBI committee had stressed when they met late last week that the "most critical factor affecting confidence is how the wages situation goes."

The CBI also wanted the Government to relax exchange controls, now it had dealt with the exchange rate, so that companies could invest more abroad and so indirectly boost their home exports.

Continued from Page 1

Pound

the smallest possible appreciation consistent with the monetary guidelines.

Meanwhile, the implications of the sharp jump in sterling have started to be analysed. CBI staff estimates suggest that the impact on output and employment from last week's mini-budget (excluding the rise in tax allowances) will be more than offset by the first quarter of 1979 by the rise in the exchange rate.

The CBI also maintains that on the assumption of a 10 per cent. earnings rise in the current pay round and maintained price competitiveness from the Monday close of $1.84, domestic output should grow at an annual rate of more than 4 per cent. in the period to the middle of next year.

That may be followed by a gradual deceleration to growth of about 2½ per cent. by early 1979. On this basis unemployment may fall from mid-1978 though the decline may only be temporary.

The 12-month rate of price increases is expected to decline to 6 per cent. by the fourth quarter of next year.

An analysis by a commercial forecasting organisation, Economic Models, on the basis of a 17½ per cent. rise in earnings indicates that there should be a slight reduction in the rate of economic growth

Weather

U.K. TO-DAY

WESTERN districts will have sunny intervals and showers. Central and Eastern areas will have rain followed by brighter showery weather.

London, S., N., and N.E. England, E. Anglia, Midlands, Channel Is.

Rain at first, becoming brighter with sunny intervals and showers. Wind W., fresh to strong. Max. 11C (52F).

S.W. and N.W. England, Wales, Lakes, Isle of Man S.W. Scotland, N. Ireland

Sunny intervals and showers. Wind W., fresh with gales locally. Max. 11C (52F).

Rest of Scotland

Cloudy with rain, becoming brighter with showers and possibly snow over mountains. Wind strong to gale force. Max. 10C (50F).

Outlook: Further rain or showers in most places.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amsterdm	C	10	50	Madrid	S	17	63
Athens	S	19	66	Manchestr	C	9	48
Bahrain	S	28	82	Melbourne	C	22	72
Barcelona	S	19	66	Mexico C.	C	19	66
Beirut	S	22	72	Milan	F	15	59
Belfast	F	7	45	Montreal	S	11	52
Belgrade	S	18	64	Moscow	C	3	37
Berlin	R	11	52	Munich	C	8	46
Birmnghm	C	10	50	Newcastle	F	11	52
Bristol	F	11	52	New York	S	14	57
Brussels	S	12	54	Oslo	S	12	54
Budapest	C	12	54	Paris	S	14	57
B. Aires	S	22	72	Perth	C	20	68
Cairo	S	25	77	Prague	R	8	46
Cardiff	C	12	54	Reykjavik	C	0	32
Chicago	C	16	61	Rio de J'o	S	36	97
Cologne	S	12	54	Rome	C	17	63
Copenhgn	F	12	54	Singapore	R	25	77
Dublin	R	8	46	Stockhlm	R	10	50
Edinbrgh	C	10	50	Strasbrg	C	12	53
Frankfurt	F	13	55	Sydney	C	21	70
Geneva	F	13	55	Tehran	R	14	57
Glasgow	S	9	48	Tel Aviv	S	24	75
Helsinki	C	6	43	Tokyo	S	20	70
H. Kong	S	27	81	Toronto	C	12	54
Jo'burg	S	20	68	Vienna	R	11	52
Lisbon	S	18	64	Warsaw	C	10	50
London	C	15	59	Zurich	F	10	50
Luxembg	F	8	46				

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	F	20	68	Las Palms	S	23	73
Algiers	C	23	73	Locarno	S	16	61
Biarritz	F	16	61	Majorca	S	21	70
Blackpool	R	11	52	Malaga	S	25	77
Bordeaux	F	15	59	Malta	S	20	68
Boulogne	F	12	54	Nairobi	C	20	68
C'sablnca	S	20	68	Naples	S	18	64
Cape Tn.	S	22	72	Nice	C	19	66
Dubrovnik	C	16	61	Nicosia	S	22	72
Faro	C	22	72	Oporto	S	18	[illegible]
Gibraltar	S	21	70	Rhodes	F	20	68
Guernsey	C	12	54	Salzburg	R	8	46
Innsbruck	R	8	46	Tangier	C	21	70
Inverness	F	8	46	Tenerife	S	24	75
I. of Man	R	10	50	Tunis	F	23	73
Istanbul	S	18	64	Valencia	S	21	70
Jersey	C	13	55	Venice	R	12	54

S—Sunny. F—Fair. C—Cloudy. R—Rain.

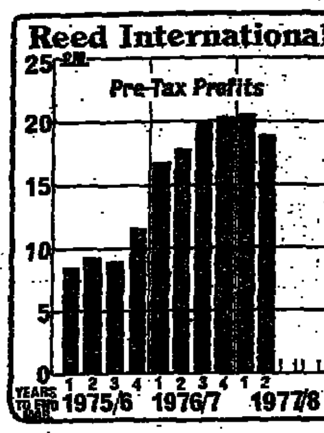
THE LEX COLUMN

New problems for Reed in Canada

Power cuts blacking out brokers' offices yesterday brought back unhappy memories of 1974.

As if on cue the miners turned down the Coal Board's productivity scheme, injecting fresh uncertainties into the financial markets. Who would have thought that only last week we were grappling with the problems of success.

Index fell 13.4 to 492.1



Reed International

Reed International's problems in Canada have mounted alarmingly in recent weeks as pulp and paper prices have crumpled under the influence of what is politely called a breakdown of market discipline and more straightforwardly a price war. Limited progress in curing earlier losses in decorative operations has been overwhelmed by this new crisis; consequently Reed Paper, the Canadian subsidiary, lost $Can6.1m. in the third quarter of 1977 after a loss of $Can3.5m. in the first six months, and the company will lose at least $Can. 10.4m. in the final quarter, not counting any extraordinary write-offs. For shareholders in the parent company this means attributable Canadian losses of over £11m. which threaten to wipe out the benefit of improved results in the rest of the group.

The U.K. paper, packaging and publishing operations have continued to show substantially higher profits than last year, offsetting a setback in building and decorative products, and Australia and South Africa have traded well. Even so the second quarter shows a gain of only £1.2m. to £18.9m. at the group pre-tax level compared with the same period last time, and under the influence of Canada the quarterly figure has eased back from the £20m. or so of the past few quarters. With the Canadian losses not qualifying for tax relief attributable earnings are deteriorating more sharply, and even if Reed still manages to reach £80m. pre-tax for the full year, against £74.6m., earnings are unlikely to be more than about £20m., or 18p compared with 25.8p a share.

This earnings setback has to be seen, of course, against the background of an already highly-geared balance sheet — last March, almost £450m. of debt was supported by tangible net worth of £227m. Recent asset sales have involved write-offs of £7m., so although Reed has maintained the interim dividend, there must be a question mark over the year's total which if unchanged would absorb almost £15m. Overall group debt has been held at close to the March level, but it may be hard to prevent the total rising from now on under the influence of the Canadian losses.

Given that a sale of the Canadian side has probably formed an important part of Reed's medium-term plans, the admission that the subsidiary is likely to operate in the red "for a number of quarters" implies the need for some rethinking. For the shares at 160p a notional yield of 12.9 per cent. is not safe enough to provide much support.

Plessey

Plessey's sales have increased by only 8½ per cent. in the second quarter, giving a 10 per cent. increase for the half-year against 21 per cent. in the first half of 1976-77. Apparently this rather depressing picture masks a significant improvement overseas (particularly in the U.S., Australia and Italy, while Germany and Portugal have swung back to profits) where sales were up almost 11 per cent. to £108m. for the six months on the back of significant volume increases.

However, although U.K. exports are up 57 per cent., U.K. sales volume to the home market has declined sharply and margins have not improved.

Nevertheless, operating profits for the second quarter come out 27 per cent. up at £10.9m. After taking account of [illegible] interest costs and [illegible] rationalisation expenses, [illegible] increase at the pre-tax le[vel] about 19 per cent. to [illegible]

Plessey points out that [illegible] the fifth quarter in succ[ession] in which it has achieved [a] degree of growth, sugg[esting] that pre-tax profits for the year could be around £[illegible] puts Plessey on a pros[pective] P/E of just over 9, fully [illegible]

Sales of electronic equ[ipment] now represent 37 per ce[nt] sales, against 33 per cent [in] 1976-77, but the share of [illegible] is down from 44 to 40 per [cent] possibly due to the incide[nce of] long-term contract compl[etions]. Elsewhere, it is notable [that] components have doubled profit contribution to 9 per [cent] mainly thanks to Allo[y] limited in the U.S., althou[gh] sales percentage is static.

Plessey has not made provision for the effects [of cur]rency fluctuations in [its] figures but it does reve[al that] pre-tax profits for the hal[f] would have been £1m.[illegible] yesterday's exchange rat[e had] been used, while the def[icit on] converting the net wor[th of] overseas assets would [rise] from £1.8m. to £4.3m. Th[is will] be treated as an extraor[dinary] item in the full year's acc[ounts].

IMI offer

To-morrow's IMI offe[r for] sale does not look like bei[ng the] "surefire punt" that it seemed. When first anno[unced] just under a fortnight ag[o] talk was of it being subscribed perhaps four [or five] times, but since then the [market] has dropped by 26 point[s and] the IMI share price has [fallen] back from 61p to 58p.

This is still 1p over the price and the sponsor[s argue] that the absence of stamp [duty] etc., is worth another 3p [which] gives a 10 per cent. pre[mium] over the 25p initial applic[ation]. On top of that the share[s] should recover once the is[sue is] out of the way—the only [problem] is timing. Some brokers [think] that the market might ta[ke up] to a year to digest the [issue;] others say it will be [a] shorter period. Howev[er,] prospective yield is near[ly] [illegible] points below that of Delta and, given the current state of the equity market, institutions might decide [to] u[nload] most of their shares [after] underwriting commitment[s].

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